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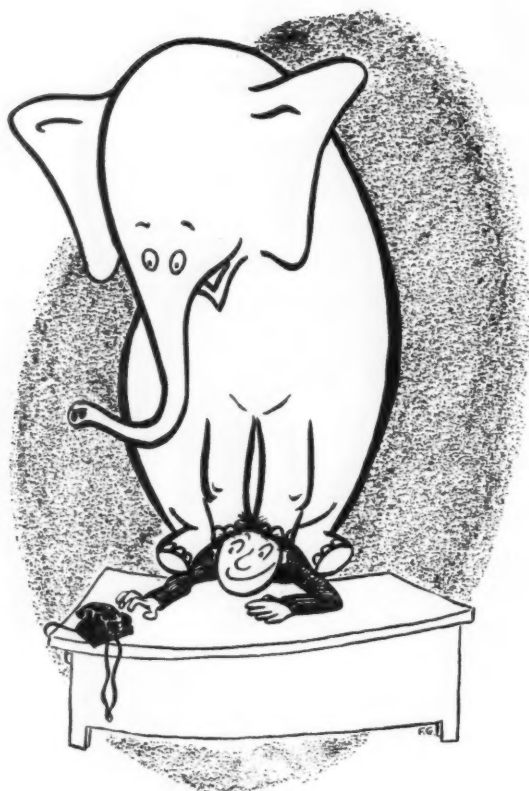
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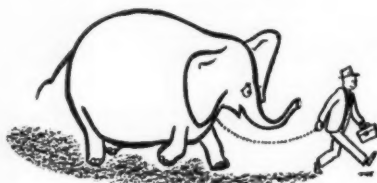
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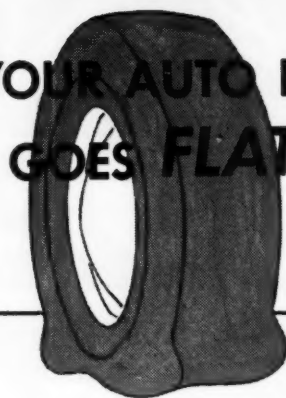


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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

60th Year, No. 44
November 1, 1956

Propose Compulsory Gengras Continues Auto in Pa. Unlike Mass. or N. Y. Law Opposition to Stock Purchase Plan

**Asks Equal Responsibility
Law, Statutory AR Plan,
Uncollectible Claims Fund**

The committee named by Gov. Leader of Pennsylvania to propose a solution to the problems of the negligent, uninsured motorist has recommended an equal responsibility law, a statutory rather than a voluntary assigned risk plan, an uncollectible claims fund law somewhat similar to New Jersey's unsatisfied claim and judgment fund, impoundment and tougher driver licensing.

The committee, composed of insurance and other leaders heard a number of witnesses before making its recommendations.

The equal responsibility proposal, which has been advocated by a considerable segment of the mutual companies, would require the owner to establish financial responsibility before getting a car registration, with a 10/20/5 liability policy or bond or deposit of \$25,000 cash. These FR requirements will be imposed on out-of-state owners and operators who drive in Pennsylvania. The motorist would certify as to FR, and if this is insurance, would give insurer and policy number. The penalty for false certification would be a \$1,000 fine and/or six months in jail. If he is caught without FR, he loses his registration.

The claim fund would have 10/20/5 limits and would be administered by the insurance commissioner as chairman, the secretary of revenue, and a representative each for stock companies, mutual insurers and producers.

Highlights of the Week's News

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Two Travelers Insurers to Merge

Directors and stockholders of Travelers Indemnity and Travelers Fire



J. Doyle DeWitt

have voted to merge the two companies, effective Dec. 31 and Commissioner Spellacy has approved the merger. The resulting corporation will be known as Travelers Indemnity.

J. Doyle DeWitt, president, told employees and producers in a letter that the object is to simplify corporate structure, effect operating economies, bring together in one the capital funds of the two existing corporations, and obtain a greater spread of risks. The existing operating system in home office and in field will be maintained.

The business of the resulting company will be conducted in two departments, casualty and fire and marine. The duties and responsibilities of all personnel in the home office and in the field will be the same in the resulting company as they are presently in the indemnity and fire companies. Charter Oak Fire continues without change.

Ga. Agents Map Fight Against Compulsory Auto

The special automobile committee of Georgia Assn. of Insurance Agents is planning to hold ten regional legislative meetings throughout the state to present the case against compulsory auto insurance.

The meetings will be held after the Nov. 6 general elections, and efforts are under way to have every member of the Georgia legislature attend one of the sessions. Gus Naumann of Atlanta heads the special committee.

International of Washington, D. C. has been licensed in California.

NAII Sees Higher Rates Essential to Meet Rising Losses

**Taylor Urges Companies to
Quit Using Investments
to Offset Too Low Rates**

NEW YORK—Most of the problems of the business were at least discussed

if not solved at the convention here of National Assn. of Independent Insurers. The tone in which many of them were treated was more serious than usual and in the case of a few of them was ominous.

More than 800 attended the convention, a record. The new president

is C. E. Cheever, president of United Services Automobile Association of San Antonio. He has been active in association affairs for the 10 years. United Services has been a member. He joined United Services Automobile in 1948 after 30 years of regular army service and in 1953 was appointed general manager. He was named president last June.

New vice-presidents are John H. Carton of Wolverine, L. H. Grinstead of Beacon Mutual Indemnity, Fenton A. S. Gentry of Southern Fire & Casualty, Robert J. McKee of Central National of Omaha, Carl M. Russell of Meridian Mutual of Indianapolis, Alfred B. Smith of Pennsylvania Threshermen & Farmers, John J. Nangle of Utilities, W. A. Brooks of Oregon Automobile, Ward Wright of Farm Bureau Mutual of Kansas, Russell R. Wilson of Casualty Underwriters of St. Paul, H. O. Hirt of Erie (Pa.) Exchange
(CONTINUED ON PAGE 22)



Vestal Lemmon

Late News Bulletins . . .

Says FTC Has No Leg to Stand On

Federal Trade Commission's decision in the American Hospital case is "astonishing," Herbert A. Bergson, former assistant U.S. attorney general in charge of the anti-trust division, told National Assn. of Independent Insurers at its convention in New York.

Mr. Bergson said he does not see how FTC has a legal leg to stand on. The heart of its reasoning is in the notion of a "legal vacuum" which would exist if it did not supervise the "purely interstate activities" of insurers. It talks of an "irreducible area of commission jurisdiction" in which federal authority must be exercised over activities "which cannot be reached by state laws." There is no such area, Mr. Bergson asserted. If a particular insurance practice already is regulated by a state, FTC is barred, he said. The state must regulate, however, and not just legislate, he added. Otherwise, however, FTC jurisdiction is not likely to be sustained. Federal authority may intervene only to fill in a gap left by a state. Under any other rule insurance practices upheld by state law might be subject to prosecution under federal law and jurisdictional tangles would replace insurance regulation.

Underwriters Add Israel to Hot War Zones

British underwriters have added Israel to the list of areas excluded from war risk coverage on all new insurance contracts as of Oct. 30. Egypt and the Suez Canal Zone were added to the list as of Sept. 12.

New Jersey's UJ Fund Functions Smoothly; Bambrick Reports Claims and Payments

NEW YORK—The operation of New Jersey's Unsatisfied Claim & Judgment Fund, with statistics up to Oct. 1, was discussed at the annual convention here of National Assn. of Independent Insurers by W. Lewis Bambrick, the fund's manager.

The fund began April 1, 1955. Up to Oct. 1, 1956, the board which administers the fund had assigned 2,069 accidents to the companies for investigation. During the 18 months, 40 claims involving payments of \$21,684 were settled, most of them for less than \$1,000 each. Settlements of less than \$1,000 are processed without recourse to the courts but with the approval of the motor vehicle director and one other member of the board. If a settlement calls for payment of more than \$1,000 from the fund, the board

must give its consent, and approval of the settlement lies with the court. The board also has settled several cases in this class as well as hit and run cases which call for the same procedure. Before a claim can be processed for settlement, the uninsured must agree to the settlement and to repay the fund.

The balance of the payments from the fund, Mr. Bambrick said, have been on 49 claims for \$51,674 where the claimant first obtained a judgment that uninsured could not satisfy. He pointed out that in general when an uninsured is sued and does not have personal counsel, the insurer assigned to the case will assign counsel and defend him. Where uninsured has personal counsel, the company will cooperate with that counsel in the defense. The law has provisions to protect the

fund in case of a default or a consent judgment against uninsured.

As of Oct. 1, he added, the board's office has handled 934 suits, of which 155 have been closed. This leaves 779 open as of that date. The fund has paid on 49 judgments. The difference between that figure and 155 represents cases in which judgments were entered in favor of the defendant or the amount of the judgment was less than the \$200 deductible under the law.

During its first 18 months the board closed 695 claims without payment from the fund, 257 of them because they were settled between the parties without payment from the fund, and 438 because uninsured deposited enough to cover the claims with the security responsibility section of the motor vehicle division or because all parties were insured.

The administration of the security responsibility law goes along even in those claims made against the fund. He said that he felt the contact made by the assigned insurer's claim men has helped and encouraged the disposition of these claims without recourse to the fund. The board's office and the SR section of the vehicle bureau have worked closely in administering the two laws, which have a common purpose—to see that the injured victim of the uninsured motorist is provided for, and the uninsured faces up to his obligations.

Where the claim against uninsured has been paid by the fund, uninsured's license will remain suspended until he makes arrangements to repay the amount of the claim. In judgment cases, he said, uninsured must also establish financial responsibility for future accidents. The SR section always checks with the board's office before it takes any action to restore uninsured's driving privilege where a claim has been made against the fund. Conversely, the board advises the SR section of the claims being made against the fund.

On Oct. 1 the board carried 2,915 open claims with a reserve of \$2,896,902. Of these, property damage claims total 967 with a reserve of \$333,316, for an average of \$344 per claim; and 1,948 were bodily injury claims with a reserve of \$2,563,586, or \$1,316 per claim. Of the open BI claims, 94 were victims of hit-run motorists and 237 involved defendants from other states.

He pointed out that under the law, if the accident occurs in New Jersey and the claimant is a qualified person, it makes no difference where uninsured defendant lives. There has been no breakdown, he said, on stolen car accidents because the fund gets such claims under hit-run where the driver or car is not apprehended and in ordinary claims where the driver is known and caught.

"It is not unusual in this type of case for the claim men to interview the uninsured in jail," he said.

The board has recovered \$1,997 from uninsured, he said. Of uninsured, 26 have undertaken to repay the fund in installments—but 10 have failed to keep up their payments and now are on the revoked list.

As of Oct. 1, 5,652 claims ("notice of intention to file claim") had been filed, an average of 333 per month. However, upon examination the board office found that 36% were ineligible to collect from the fund for reasons appearing on the face of the notice—such as the fact that all vehicles in the accident are insured or the person filing the claim is not qualified.

He pointed out that the fund started

(CONTINUED ON PAGE 24)

CPCU Conferment Highlights Chicago All-Industry Meet

Presentation of diplomas to 14 of the 17 men from Illinois who were recently awarded the CPCU designation highlighted the all-industry luncheon and forum sponsored by the Chicago CPCU chapter last week. M. L. Landis, national president of Society of Chartered Property & Casualty Underwriters, presented the diplomas and administered the CPCU professional charge to the 14 new designees. Some 60 CPCUs in the audience at the luncheon joined the group in repeating the charge.

Sanford H. Lederer of Stewart, Keator, Kessberger & Lederer, president of the Chicago chapter, presided at the luncheon session. He introduced dignitaries at the speaker's table and pointed out that several others who had been invited sent letters regretting that they could not attend the luncheon, including Justin T. McCarthy, Illinois insurance director. Mr. Lederer said he felt it was important to quote the last paragraph in Mr. McCarthy's letter which read, "We look forward to another invitation from you at an early date." Mr. Lederer's remarks drew a loud round of laughter from the more than 400 insurance representatives attending the luncheon.

Glenn R. Fouché, vice-president of Parade Publications, was the luncheon speaker. His inspirational address was liberally sprinkled with humorous stories and several references to his former connections with the foundation garment industry. Among the attributes which Mr. Fouché considered necessary for a successful salesman were a willingness to work, enthusiasm, imagination, honesty and knowledge of individuals and his product.

Committee chairmen for the event were John J. Geary of American Foreign Insurance Assn., forums; Orrin F. Nash of the Chicago Insurance Agency, luncheon, and Michael Gilboy of the Rockwood Co., publicity.

Concurrent forums on dishonesty insurance and mercantile block policies were presented during the morning to an audience of some 175. Moderators for the forums were F. A. Hohenadel Jr. of the Frank A. Hohenadel Sons agency, dishonesty insurance, and R. E. O'Meara of Stewart, Keator, Kessberger & Lederer, for mercantile block.

Discussing the new Inter-regional Conference commercial block policy which was recently filed but not approved in Illinois were John Mowatt, assistant western department manager of Aetna; Frank Miley, assistant vice-president of W. A. Alexander Co., and William H. Rodda, secretary of Transportation Insurance Rating Bureau.

Mr. Mowatt opened the discussion by explaining coverages and underwriting aspects of the commercial property form. He pointed out that the policy is very similar to former commercial block forms except as far as rating is concerned. He went through the form item by item explaining changes in coverages.

After reviewing the rules in connection with underwriting the policy he said, "From an underwriting standpoint, we are going to have to revolutionize our thinking. Producers, fieldmen or underwriters will have to be able to grasp quickly the exposures and hazards in the risk being submitted."

(CONTINUED ON PAGE 24)

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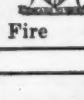
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Illinois Agents Hold Record Meeting

Spirit and Progress of Illinois Assn.

Shown in Reports of Officers, Committees

Wise selection of officers and the drive of the secretary-executive manager, Edward J. Dirksen, have welded the Illinois association into a strong, growing and aggressive organization. It was in the dumps a few short years ago, but today it is packed with enthusiasm. There are a lot of new activities under way and there is interest in what is being done.

The committee reports at the business meeting for example, showed that the association doesn't let things slide, and president Joseph Prola recited in his administrative address some of the achievements of the past year. He mentioned the addition of a field secretary and a girl to the headquarters staff, and an increase in office space. The number of regions have been increased from 10 to 14 in line with the distribution of membership.

Mr. Prola indicated he felt the most noteworthy event of the year was putting an end to the group plan for property insurance on the Ben Franklin stores through an arrangement with Butler Bros. Mr. Dirksen led the fight, he said, but the Butler program, although dead, is probably only a sample of what is to come in this direction.

A practical demonstration of membership reaction to the efforts of the association leaders, Mr. Prola commented, is that of members who have paid their current dues, 50% have increased them voluntarily.

Membership in the Illinois association is now 1,020, a net gain of 19 for the year, John Naghten, Chicago executive vice-president and membership committee chairman, reported. Just a few years back it was 775. However, the NAIA would like Illinois to have 1,900 members, based on the population. Mr. Naghten said Illinois is the ninth largest NAIA state as respects membership.

The rundown on activities was given by the committee chairmen in their reports Monday morning, and the push the committees get from the association leadership was evident here. One of the chairman admitted he hadn't planned on saying much, but when he sent a letter to that effect to headquarters he got a quick telephone call informing him he was scheduled to report and a report was very definitely expected.

Jack Gift, Peoria, said regional meetings were conducted throughout the state in 1956 for the second year. This plan of bringing agents up to date on coverages and events played to a total attendance of 1,378. Emphasis this year was on mercantile block, with the field men supplying the instruction. Institutes on agency management have already been held for fire and inland marine, and casualty will be next. Mr. Gift said the committee intends to survey the members to find what type of education program is wanted.

The property insurance committee, Howard S. Hendricks, Bloomington, said, analyzed the mercantile block coverage and offered a number of ideas to the midwest conference of agents with Western Actuarial Bureau. These suggestions have been sent east, and Mr. Hendricks said he understands 51 changes in block coverage are soon to

be announced.

H. W. Mullins, Rockford, and Emil L. Lederer, Chicago, reporting for the conference committee, said the agents met last week with Illinois Manufacturers Assn. and the companies to go over workmen's compensation rates. An over-all increase of 2.5% is expected, with the manufacturing group getting only a .6% boost. Mr. Lederer noted that the manufacturers used as their expert this year their own insurance committee instead of a representative of the Ohio bureau (the state fund), who in the past has shown an aversion to bureau rates.

Although the association expenses exceeded income this year, the finances are in good condition, Rogers W. Troxell, Springfield reported. A gain is anticipated in dues. Mr. Troxell had ready for the members a complete statement of income, outgo, assets, etc., an innovation which made his comments more readily understandable and allowed him to keep right to the point.

Frank W. Miley, Chicago, chairman of the automobile committee, brought the agents up to date on the rate situation. He pointed out that the association has taken no stand in the fight between the national bureau and the department. The companies are in court to get a 16.6% over-all increase and the classification plan, but Mr. Miley said experience subsequent to that filing has been so bad that what is needed now is 30%.

The Illinois agents will push for enactment of stronger licensing legislation next year, Alvin S. Keys, Springfield, legislative committee chairman, declared. Among the things the association would like to see done is the elimination of temporary licenses, an increase in brokers fees (now \$5 downstate and \$10 for Cook county), introduction of a countersignature law with reciprocity features, an end to the licensing of company employees who countersign business from other states, and some means of stopping association group business (like the Butler Bros. plan), which is spreading from property to compensation and casualty lines.

Frank H. Hawk, Peoria, state national director, observed it was at the instigation of Illinois delegates that the NAIA national board of state directors went on record at Hartford this year for uninsured motorist coverage. He expressed disappointment that the bureau companies had not yet made UM available, remarking that waiting for a legislative year might be too late.

Maryland Casualty Award to Sterling-Rock Falls

J. F. Keevers, vice-president at Chicago of Maryland Casualty, presented his company's award to the Sterling-Rock Falls Assn. of Insurance Agents for outstanding local board achievement during the past year at the annual meeting at Springfield of the Illinois association. Robert F. Schuman of Sterling accepted. This award is in its third year and is given to the local board showing the best all-around program.

33 Leaders Elected by Illinois Agents

Election time for Illinois Assn. of Insurance Agents is not the simple naming of three or four top officers, it involves selecting 14 regional vice-presidents and chairmen of eight standing committees as well. Merle A. Read, Joliet, chairman of the nominating committee, therefore, had practically a full-fledged speech on his hands when he delivered his report.

As voted at the Monday business meeting, the new official lineup of the Illinois association is:

Chairman of the board, Joseph F. Prola, Springfield, retiring president. President, John A. Naghten, Chicago.

Executive vice-president, Charles A. Bryant, Peoria.

Treasurer, J. Oliver Orr, Springfield. Secretary and executive manager, Edward J. Dirksen.

State national director, Frank H. Hawk, Peoria.

Chairman of advisory committee, H. W. Mullins, Rockford.

Regional vice-presidents (regions one to 14 in order)—Nels A. Ulseth, Chicago; Robert W. Sundlof, Aurora; R. W. Flock, Sterling; Robert Shade, Decatur; Jack Gift, Peoria; Rogers W. Troxell, Springfield; Robert F. Salvage, East St. Louis; E. M. Rolwing, Cairo; J. C. McGaughey, Lawrenceville; Dee L. Rodd, Marion; Harry Parrish, Paris; Richard Winters, Quincy; Fred O. Waller, Galva, and Thomas K. Sprague, Joliet.

Committee chairmen—accident and fire prevention, Walter Tiechen Sr., Villa Park; automobile, Frank Miley, Chicago; budget and finance, J. Oliver Orr, Springfield; casualty and surety, L. W. Zonsius Jr., Chicago; Emil L. Lederer, Chicago; education and agency management, Wendell G. Cleaver, Peoria; grievance, Dudley F. Giverson, Alton; legislative, Alvin S. Keys, Springfield; local boards and membership, Charles S. Bryant, Peoria; property insurance, Howard S. Hendricks, Bloomington; public relations, Harold L. Todd, Rockford, and farm, Benjamin A. Jones, Decatur.

Lyman Drake Wins Cartwright Award

Lyman M. Drake Jr. of the Critchell-Miller agency of Chicago was presented the C. M. Cartwright merit award for outstanding service to Illinois Assn. of Insurance Agents at the annual convention in Springfield.

Mr. Drake, a member of a well known insurance family, is a past president of the association and served as state director for two terms. He has been a willing worker for many years, and has furnished leadership and counsel which have kept the Illinois association prominent nationally.

Levering Cartwright, who in recent years has made the presentation of his father's award, was unable to attend the Springfield meeting, but his letter expressing regret at being unable to be on hand to salute the son of one of his father's best friends and one of his own good friends was read by President Joseph Prola.

More Than 800 Register for Springfield Rally

Interest, Participation at High Level; Naghten Elected President

By JOHN C. BURRIDGE

SPRINGFIELD—Illinois Assn. of Insurance Agents climaxed the best year in its history at the annual meeting here. Attendance was at a record, exceeding 800, interest in association affairs is at a high level, and membership is increasing. Even more gratifying is the evidence on all sides that the momentum is gaining and that better things can be expected for some time to come.

Five years ago the Illinois association had little to brag about, but early in 1953 Edward J. Dirksen was named secretary and executive manager and immediately he proceeded to put the house in order and infuse some spirit in the organization. The association was on the downgrade when he took office. There were strong differences



E. J. Dirksen



Frank Hawk



H. W. Mullins

between Chicago and the so-called downstate agents; there was no interest on the part of most members; the association was stagnating. Mr. Dirksen got the wheels turning again, and in the last four years membership has increased more than 300; but more than that, the association has regained the enthusiasm of members on the books who had been inactive.

The association officers, of course, were behind this drive. They got Mr. Dirksen to take the job, worked with him and put a good deal of time into welding the organization into shape. Joseph F. Prola of Springfield, the retiring president this year, is a shining example of the spirited leadership now prevailing. He is an excellent presiding officer, sticks to the rules, keeps things moving and the audience interested. He has carried out the program of expanding activities, so that the regional meetings begun under his predecessor, H. W. Mullins of Rockford, doubled in attendance, and there was a noticeable increase in the crowd at the local board workshop session conducted Sunday afternoon before the convention. The new president, John

(CONTINUED ON NEXT PAGE)

Naghten of Chicago, a former president of the Chicago board, gives the Illinois association a continuance of this quality of leadership.

Resolutions adopted at the closing session opposed licensing of salaried company employees if the license is used for the production of the individual's benefit or to countersign policies to avoid payment of a countersigning commission to a resident licensed agent; urged the state licensing laws be amended to raise the quality of agents and brokers; opposed the introduction of compulsory automobile insurance, and advocated the use of the uninsured motorist endorsement. The latter two had been adopted previously by the directors, and the action here was to give additional force to the stand.

Springfield Assn. of Insurance Women got the Monday afternoon session off to a running start with a one act comedy entitled "The Boss's Night-Mare," an original production depicting what the women think the boss thinks goes on in his office when he is away. Stars of the performance were Ruth Peterson of Schryver-Sproude & Co., Fannie May Aiello of the association staff, Pearl Selvaggio of Illinois National, Marie Bosnack of Sears agency and Reba For of the Don Forsyth agency. The audience was highly appreciative of the skit, and the wives, who were invited to sit in, showed considerable interest in this presentation of agency operations.

An outline of the plans for the mid-west public relations office of Assn. of Casualty and Surety Companies, was given by Harold K. Philips, public relations manager of the association. It is the intention, through the Chicago office, he said, to interpret the casualty and surety section of insurance to the public by offering accurate and current information about it.

Charles C. Clarke, formerly associate editor of THE NATIONAL UNDERWRITER, is in charge at Chicago. Mr. Philips said he will work with a special committee of six Chicago casualty managers, and it is hoped the agents will name a public relations committee to function with this group. Mr. Clarke will visit all the newspaper editors in Illinois, as well as TV and radio commentators to let them know about the source of facts on casualty insurance.

Some of the more technical phases of agency operations were taken up in the talks of John H. Smalley and Richard F. Aranow, who discussed continuation of agencies and agency taxation.

Mr. Smalley, who is with the Chicago law firm of McKinney, Carlson, Leeton & Smalley, said the problems of continuing an agency have been neglected until recently. Partly this was because the matter is complicated and there is no easy solution. Advance

planning, he said, usually will enable an agent to take care of the matter. Solutions to agency continuation vary between sole proprietorships, partnerships and corporations, Mr. Smalley observed.

For a sole proprietorship he said, there are three essentials—having someone to take over the business on the death of the agent, a contract to insure it will be taken over as desired and the financing to accomplish the transfer.

Partnerships do best with a buy and sell agreement, Mr. Smalley advised, while corporations have problems that vary according to ownership of the stock. An incorporated agency owned by one man, for example, can use basically the same solution as for sole proprietorships, when the stock is divided equally between two persons it can be treated in general like a partnership. For an agency with stock divided so as to have no single majority stockholder, he mentioned that one solution is to have the agency buy the stock, perhaps using a business life insurance policy as a method of financing.

Mr. Arnanow, tax counsel with Continental Casualty, commented that tax problems of agencies are not getting any easier. The 1954 tax law and the interpretations of it have tightened things up. In particular, he said, the internal revenue people put the microscope on entertainment expenses. When it comes to disposing of an agency after the death of the principal there are problems galore.

Illinois Fire Underwriters Assn. took its turn at dramatic entertainment for the convention Tuesday morning with the presentation of a one act "tragedy" titled "Death of an Insurance Agent." The plot involved the disclosure to a large insured of the inadequacies of his coverage, even though he had turned the whole matter over to his agent carte blanche. On half of the stage was shown the agent in his office after learning from the adjuster of what had been omitted from the policies, and on the other half the adjuster was seen explaining this to the insured while the latter did a slow burn as regards the agent. The cast consisted of James W. Hamilton of Boston; L. W. Berg of Aetna Casualty; Gordon H. Casper of National Union, and Jean Coady of the Kenneth Lee agency. James Streich, St. Paul F&M., president of IFUA, introduced the performance, and the lighting effects were handled by H. A. Elkins of Camden.

This was another 4-star production and it establishes the field men as capable dramatists. Last year their reputation in this direction was founded with a skit on homeowners policies.

The Tuesday morning program ran until nearly 1 p.m., but lost only a fraction of the audience even so. The subject matter and the speakers were

of importance and interest, and few agents took the chance of missing any of it. Maurice G. Herndon, Washington representative of the National association, covered developments in his baliwick, and a panel featuring R. Newell Lusby, secretary of America Fore, discussed the uninsured motorist situation.

Mr. Herndon said it is believed by most of those following the problem that a showdown on state vs federal regulation of insurance is rapidly coming to a head. There is already a great deal of federal intervention in the business, he pointed out, running from attempted regulation on the part of the Federal Trade Commission to actual competition, with a good many side issues such as government insurance purchasing.

Mr. Herndon mentioned four reasons for this growth of the government threat—the expansion of the economy, a continued demand for paternalistic government, political promises, and the basic conservatism of the insurance industry.

The interest of Congress in insurance, he said, is not so much with the laws on the books but how they are administered. He warned that there is a rumor in Washington that a target date has been set for a federal investigation of public law 15 of June 30, 1958, the 10th anniversary of its enactment. Agents, he urged, must help tighten state laws. NAIA has for the first time gotten into politics, as a matter of self-defense, by supporting the campaign to get out the vote.

The local agent is being squeezed out of federal insurance business, Mr. Herndon added, with the introduction of group life, group A&H and blanket bonding for government employees. There is no place for the agent in insurance on atomic risks.

Frank R. Miley, Chicago, chairman of the automobile committee, presided over the discussion of compulsory, UM and attendant automobile problems. Mr. Lusby was the big attraction, and he was one of the stars of the meeting.

About 135 agents took in a real dose of information Tuesday morning, from 8 a.m. to 1 p.m. These were the early risers who attended the farm breakfast to hear a panel discussion on comprehensive personal liability and package policies, farm credit rating plan, competition, crop-hail coverage and farm appraisals. Kenneth S. Ogilvie, secretary of Farm Underwriters Assn., was moderator, and the panelists were Martin E. Aegerter, Home (on multiple peril crop insurance); D. O. Stackhouse, Crum & Forster (on farm credit rating and competition); D. F. Alverson, American (on agricultural problems and their effect on insurance), and Thomas B. Kirkpatrick, Greene Farm Management Service of Peoria (on appraisal of farm buildings).

The large turnout for the breakfast indicates that the Illinois association has taken a strong position in farm agent representation and affairs. Gail B. Ranson, Jacksonville, chairman of the farm committee, presided over the breakfast.

Rounding off the meeting in style was a session on "Production Pointers from Producers" carried out by seven of the younger agents, several of them representing second generation membership. L. W. Zonius Jr. of Chicago was in charge, and his panelists were James Unland of Pekin, John Wade of Fairbury, Jack Gift of Peoria, Robert Stafford of Mendota, James Hawk of Peoria and Wendell Cleaver of Peoria. Mr. Unland, talking on dwelling package policies, asked if agents are

selling the new forms or waiting for the competition to catch up and take over their business. To ignore these policies is to ignore progress, he said.

Agents are duty bound to inform their insured of all progressive changes in coverages as they occur, Mr. Unland declared. They should ballyhoo the new lines, he added, drawing an analogy between a new insurance policy and a new model of an automobile. Mr. Unland said his favorite dwelling cover is homeowners B without the deductible, which he commented removes confusion of selling a policy partly full coverage and partly deductible. All of his insured were notified long ago of the availability and advantages of package dwelling insurance, at least by mail, and those who didn't respond to the initial solicitation were tried again as renewals came up. Way more than 50% of the insured have converted to the broader forms, he said.

Mr. Wade, whose subject was automobile, said this is the bread and butter line for the average good agent. It has to be kept and increased in line with the increase in car registrations. He wondered, however, how much effort is made to sell auto. Agents have to ask for the business—the competition is. He reminded the agents they have something to sell with the auto policy that can't be duplicated—service. One agent, he said, gives each of his insured a card listing two phone numbers and carrying the statement: "Call Me Collect, Day or Night." This is a reminder of service and helps hold business.

When an agent is told his auto policy costs \$20 more than the competition's, Mr. Wade suggested saying to the prospect, "Isn't it worth 20 cents a week to have me here to serve you at a moment's notice?"

Workmen's compensation was taken up by Jack Gift, who observed an agent will have difficulty holding commercial lines unless he can do a good job with comp. He offered a number of suggestions for handling WC business, mentioning helping the insured with classification, records, setting proper limits and claims.

Robert Stafford covered public liability, and pointed out there is an almost limitless market for this coverage. It is a good field for business if the agent is willing to analyze the needs of a risk, he said, and the only reason for not selling general liability is lack of familiarity with the policy.

Agents can make crime pay if they sell theft, burglary and fidelity coverages, James Hawk declared. He reviewed some of the coverages and how they apply to various risks.

Wendell Cleaver wrapped up the session with comments on agency services, which he described as the distinct advantage of independent agents over the captive variety. Knowledge of the business is near the top of the list as an aspect of service, he remarked, but many more items could be added. Answering a simple question can be as important to one insured as the payment of a claim is to another, although claim service is quite a factor. If an insured calls just when an agent is sitting down to dinner to talk over some minor problem and takes 20 minutes, Mr. Cleaver advised the agent not to be sore if his dinner is cold, but remember that insured helped put it on the table in the first place.

The official conclusion of the convention was the banquet Tuesday evening, which was featured by the presentation of the C. M. Cartwright award and the installation of officers.

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Local Board Workshop Repeats as Successful Kickoff to Illinois Agents' Convention

SPRINGFIELD—A local board workshop session, now in its second year as the kickoff feature of the annual meeting of Illinois Assn. of Insurance Agents, provided the more than 40 delegates attending with stimulating ideas for nearly three hours Sunday afternoon. Inaugurated last year at the suggestion of then president H. W. Mullins, Rockford, the

workshop is designed to provide a forum for developing ideas for more effective local board operations, and in this it has been a great success.

John A. Naghten, Chicago, executive vice-president and chairman of the local boards committee, presided at the session here. The four speakers on the program reported on aspects of their associations' activities that have

been outstanding and told how the results were achieved.

Stuart W. Doty of Grand Ledge, Mich., whose local board has repeatedly been cited for its accomplishments, laid out a complete program from getting membership to the surprising conclusion of having the agents hold a dinner honoring civic leaders for taking over sponsorship of a safety program. Good planning, outside cooperation and the willingness to spend money are the primary requirements for successful local board activity, he said.

Public relations from an agent's standpoint is double-barrelled, Mr. Doty declared. The agent has first his personal relationships with his policy holders, but when he unites with other agents in a local board he can become a factor in community affairs. A natural subject for a local board is safety, and in Michigan this is almost a must if the agents are to compete with the auto club.

The time for an effective program can be found, Mr. Doty explained, if the work load is divided among the

(CONTINUED ON PAGE 6)

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**Workshop Repeats Success
As Kickoff to Ill. Meeting**

(CONTINUED FROM PAGE 5)

members, not left to one or two enterprising persons who will shortly discover they have more on their hands than they can cope with. Additionally, the board must take care not to engage in more projects than can be followed through without strain. If a board already has enough to do it should not jump into something new and spread itself too thin, he warned. It would be better to see if a better job cannot be done with what is on the fire.

Many excellent community programs call for outside help, and the agents can divest themselves of a good deal of work if they take advantage of the assistance other organizations can give, Mr. Doty said. Often the agents can initiate a project, do some financing and finally turn the routine over to a school, the fire department or whatever the affected group may be. The agents will remain in the role of sponsors and coordinators, although their financial support probably will be necessary to keep the project going. This means the association has to be ready and able to spend money, and Mr. Doty commented it is poor thinking to expect members of a local board to pay assessments. The ideal source of income for these activities is the commissions from public business.

There are some unseen obstacles to these programs, he admitted. One is getting members interested and getting them to work together. The agent who has most of the public business cornered will not appreciate the need for joining the board or giving up this part of his profits, or an agent doing well may not want to condescend to participate, or an agent may be bitter at having lost some business to another board member. He suggested some of these difficulties could be overcome by holding regular meetings which tend to build up acquaintanceship among agents and produce a realization of common problems. The meetings should stress such subjects as office procedures, claim service or collections. Only gradually can the fraternity be built, he said, but it is an essential first step.

Among the good community programs, Mr. Doty recommended driver training, sponsorship of safety patrols, bicycle safety, a city safety week campaign in the elementary schools. In most of these activities, the agents can play the role of coordinator once the project is rolling, he said. The basic ingredient is building a strong board internally so there is esprit and desire to carry on outside programs. Any board with leaders desiring to get something started can do it, Mr. Doty said, if first things are done first. An outstanding record can be made in just a few years.

Local board advertising was taken up by Casper H. Brown Sr. of Springfield, who said this is important to stock agents since many buyers of insurance don't discriminate about insurance, they take the attitude that "pigs is pigs" and who sells it or what kind it is are immaterial.

The Springfield board embarked on an advertising campaign to sell the independent agent to the public, explaining his values, what he stands for and what he can do. Mr. Brown said the Springfield association felt it was best not to advertise policies (for one thing on account of the diversity of membership), but to stress the

board itself and its membership.

J. M. Beattie, Rockford, told how the Rockford board handles public business, the income from which is used for public activities. The board member agent who writes public business turns over to the board from 7½ to 15% of the commission, depending on the type of insurance, Mr. Beattie said. Once a member gets on a public line he is free from competition on it on the part of other members, although the members make quite a try to take on accounts not handled by members. In answer to a question, Mr. Beattie said there are between 20 and 25 members of the Rockford board, and they give the board about \$5,000 annually from public business.

"Business Education Day," a chamber of commerce promotion to explain the fundamentals of business to teachers, offers local agents a good opportunity to tell their story, Gail Ranson of Jacksonville, said. This project was introduced this year, and in the Jacksonville area the teachers were asked which businesses they would like to learn about. Twelve chose insurance, and the local board members took the group through as much of the agency process as could be crammed into a day. Both the agents and teachers felt this was a rewarding experience, Mr. Ranson said, and next year the local board hopes to have a larger class.

Among the points the agents put across was that insurance companies pay a sizeable tax and the great percent of its goes to the schools.

During the open discussion, the local board representatives were asked by President Joseph F. Prola of the Illinois association why more boards did not participate in the contest for the Maryland Casualty achievement award. He noted that there were only four entries, although many more boards than that had ambitious programs. It was suggested by several of the agents that there is some uncertainty as to how to go about putting in an entry, and some sort of form might be helpful. The board could indicate what it has been doing, and special projects could be added.

Robert W. Flock of Sterling, a regional vice-president, put in a good word for the field man in connection with board outings. He said he has heard a good deal of criticism of agents' field days lately. The field men are invited and then asked to pay a \$15 fee plus extras. They get shorted on golf prizes, and these affairs are becoming somewhat unpopular. Mr. Flock said the idea of his association is that one of the reasons for holding the event is to give the field man a good time, not have him subsidize the agents' party.

1957 Meeting to Peoria

In his presidential report, Joseph F. Prola, Springfield, disclosed that the 1957 meeting of Illinois Assn. of Insurance Agents will be held at Peoria. After the Chicago meeting last year, he said, the agents were questioned as to how they thought annual meetings should be conducted, and one of the responses was that Chicago should be the convention city once every three years. The size of the association limits the convention cities to Chicago, Springfield and Peoria, and indications are that such a rotation will be followed.

Mr. Prola also reported that 98% of the members said they would like to have company headquarters continued

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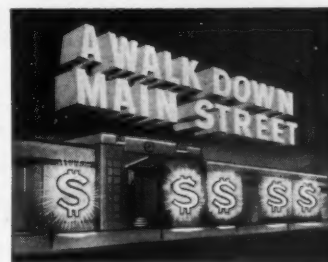
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Phoenix of London Promotes 4 Loss Men

Phoenix of London group has made several appointments in its Pacific department.

Charles F. Wade has been promoted from Pacific coast claims examiner to assistant Pacific coast loss superintendent with the additional duty of supervision of fidelity and surety losses.

Robert K. Smull has been promoted from Oakland claims manager to claims examiner at San Francisco to succeed Mr. Wade.

William H. Wickman has been named Pacific coast senior claims examiner.

Thomas F. McLaughlin has been

promoted from claims investigator and adjuster to Oakland claims manager to succeed Mr. Smull.

Hartford Fire Names McFadyen in Canada

Hartford Fire has appointed J. M. McFadyen assistant manager for Canada. He has been with the company since 1937, serving in various capacities in the field. For several years he has supervised casualty and automobile underwriting in Canada.

Dennis Insurance Service and Eureka Realty Co. of Eureka, Kan., have merged. The firm is now known as the Eureka Realty Co. Hugh S. Dennis, who opened Dennis Insurance Service in 1945, is now vice-president of the new firm. F. J. McCue will continue as president, and William Harrison is vice-president. Miss Helen Hunter will continue as secretary.

Ellis Gives U&O Tips to Indianapolis Board

Will Ellis, fire manager for Royal-Liverpool group in Chicago, addressed the October meeting of Indianapolis Insurance Board on "Tricks of the Trade in Servicing Business Interruption Insurance." At the same meeting, Bob Morrison, a disc jockey for Indianapolis radio station WXWL, received the board's safety award for his promotion of safety in connection with the public schools. Clay Conner, chairman of the safety committee of the board, made the presentation to Mr. Morrison, citing how he continuously hammers at the safety theme on his programs.

Among the "tricks" Mr. Ellis de-



scribed was to figure the ratio of gross earnings to sales and keep the amount of insurance properly adjusted to a percentage of that figure according to the co-insurance figure selected. In his experience, once the ratio is established, there is very little likelihood that it will change unless the company assumes an entirely different operation. However, the amount of anticipated sales is apt to change, so he keeps in touch with the account several times a year to determine the trend of the sales. Should the trend be higher than the original estimate, he immediately adjusts the insurance to the proper figure without asking permission of the insured. In the rare cases when the business owner objects, Mr. Ellis merely advises him that it is a move for properly-written insurance. If the adjustment is not made, the insurance cannot be considered to be properly written.

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One of the first steps Mr. Ellis advises is to put the "market value clause" on the physical damage policies covering stock. He also recommends closing the books immediately after loss and setting up the loss period separately in the company's books. Included in this is a work record of all employees who are retained so that the proper distribution of their expense may be set-up between the time element and the fire policies.

Mr. Ellis recommended a five-step procedure for the agent following a loss in which a time element coverage might be involved. First, determine whether the loss is covered. Second, is co-insurance properly complied with? Third, determine the approximate length of loss, bearing in mind that "it will always take longer than the business-owner, the contractor and others connected with the loss estimate." Fourth, develop the continuing expenses. Fifth, sit down with the business owner and agree on who are the important employees to be retained and who can be laid off.

The speaker, who is on the time element committee of Inter-Regional Insurance Conference, advised agents not to look for multiple-peril, "block-type" coverages under business interruption policies.

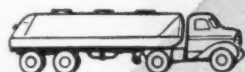
An interested guest at the meeting was John Newlands, general attorney for Scottish Union companies, who is making a trip in the United States.

Arkansas Life Groups Back Efforts for Tighter Laws

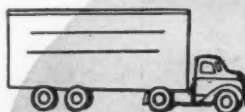
Life insurance organizations in Arkansas have made known their intentions to support and cooperate with a committee appointed by Gov. Faubus to draft legislation to tighten the state's banking and insurance laws. Gov. Faubus appointed the committee to work with Commissioner Combs and Bank Commissioner Simpson in an effort to increase capitalization requirements for new stock insurance companies.

Mr. Combs and Mr. Simpson have criticized unbalanced stock selling ratios of some of the new companies formed in Arkansas in recent months. The officers of one insurer bought stock at \$1 a share and sold it to the public for \$15 a share.

Chairman of the five-man committee is Edwin Johnson, an attorney from Rogers. Life organizations in Arkansas that have indicated their backing of the committee include Arkansas Assn. of Life Underwriters, Little Rock General Agents & Managers Assn., Arkansas Life Leaders Round Table, and 13 local life associations, including Little Rock Life Underwriters Assn.



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Dela. Supreme Court to Rule on Tax Suit

The suit brought by 175 insurers contesting the constitutionality of funds voted to police and firemen's pension systems by the current general assembly is now before Delaware supreme court.

The high court was specifically asked to settle nine questions on the legality of legislation which increased from 2 to 3.5% an existing tax on gross premiums of fire companies and established a 2% tax on insurers doing police-related business in the state.

William Marvel, vice-chancellor of the supreme court, signed a preliminary injunction last May restraining Insurance Commissioner Smith from paying into the state treasury approximately \$170,000 in new taxes collected from insurers. In certification papers filed with the chancery division of the supreme court, Mr. Marvel points out that there are no disputed facts to the certified questions and that they should be determined by the high court.

The insurers contend that the additional levies were paid under duress and coercion because the purported laws required that the entire revenue must be paid as of March 1, 1956, or the companies would not be allowed to do business in the state.

Deadline for N. Y. Low Number Licenses Nov. 15

New York state motor vehicle bureau has mailed out 69,000 registration renewal invitation letters to low number license holders who will be the first block of automobile owners affected by the state's new compulsory auto insurance law.

To retain their special plates, owners of vehicles with special low numbers must have their renewal applications in the Albany office of the bureau by Nov. 15. The applications must be accompanied by the FS-1 form—the certificate of insurance—obtained from an insurer showing the required 10/20/5 liability cover.

To Continue "Slow Down and Live" Drive in 1957

National Conference of State Safety Coordinators will again conduct the summer long, nationwide "slow down and live" campaign next year. Assn. of Casualty & Surety Companies, which provides administrative staff and office headquarters for the campaign, predicts that the 1957 promotion will be the most ambitious yet attempted.

The campaign was launched in 1953 in 11 northeast states. In 1955 it was made national in scope.

Selected Risks Elects Three Vice-Presidents

Selected Risks promoted John E. McCarrick, Douglas M. Roy and Ross E. Roe from assistant vice-presidents to vice-presidents at the annual meeting. All existing officers and directors of the group were reelected.

Advanced from assistant secretary to assistant vice-president were Douglas S. Dalrymple, James M. Cooper, George F. Van Atta, W. Richard Wilson, Gerald S. Shay and Neil C. Pascoe. Elected as assistant secretaries were Warren A. Blackwell, Winslow S. Gallup, William D. Steckley, John G. McLean, Joseph W. Barnes Jr., Manus F. McLean and Norman E. De Neef.

Mutual Editors Reelect

Robert L. Benjamin, Town & Country Mutual of Indianapolis, has been reelected president of Mutual Insurance Council of Editors, an association of some 120 mutual insurance company magazine and newspaper editors from 30 states.

Other officers reelected include: 1st vice-president, William Chambliss, Nationwide Mutual; 2nd vice-president, W. E. Anderson, North Star Mutual, Cottonwood, Minn.; and secretary-treasurer, Ila M. Gibbs, Mutual Reinsurance Bureau.

The election was held in conjunction with the annual convention of National Assn. of Mutual Insurance Companies held at Cincinnati. The editing group was formed as an affiliate of the company association last year.

New Fire Code Books Out

National Fire Protection Assn. has published a compilation of 174 of its fire safety standards in a revised six-volume edition, The National Fire Codes.

The six volumes deal with flammable liquids and gasses, combustible solids, dusts, chemicals and explosives, national electrical code, and transportation and miscellaneous.

Incorporated in the 1956 volumes are 32 new or revised fire safety standards adopted this year, including all amendments through last July 30.

Kemper Promotes Dewey

Robert M. Dewey has been appointed production manager for the fire division of the Kemper companies. He will be responsible for coordination between home and branch offices and will supervise production, personnel and procedures in the fire division operation. He joined the Kemper organization's business extension department staff in 1955. Before that, Mr. Dewey was vice-president of Associated Reciprocal.

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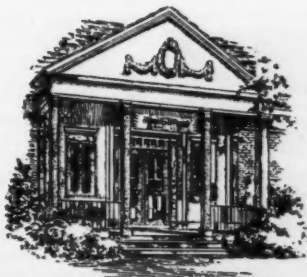
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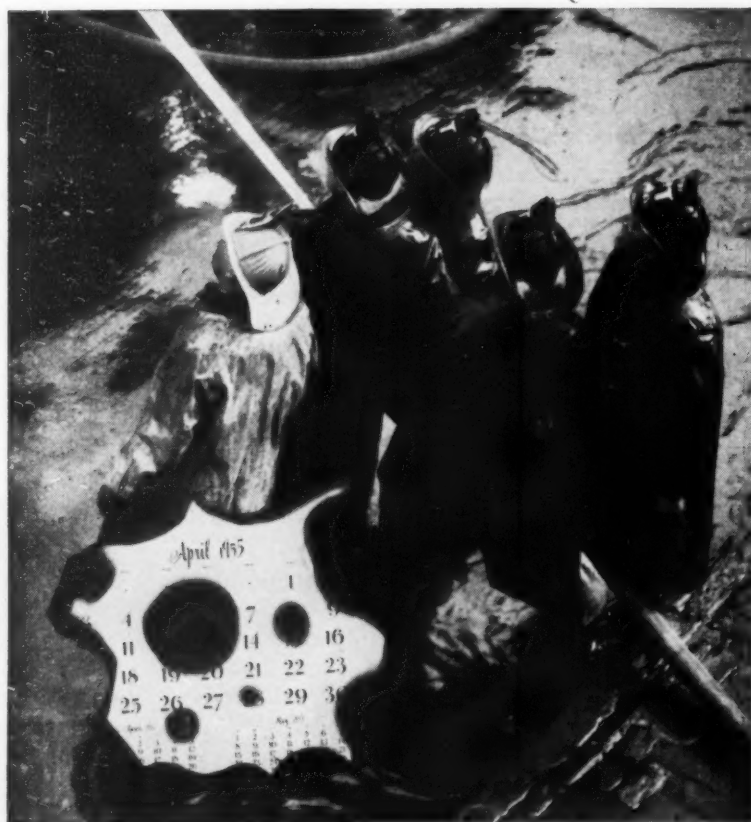


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Kentucky Agents to Meet at Louisville

Kentucky Assn. of Insurance Agents will hold its annual meeting Nov. 11-13 at the Kentucky hotel, Louisville.

The convention will open Sunday night with a dinner for past-presidents and executive committee members.

Speakers include Commissioner Thurman; Robert E. Battles, president of National Assn. of Insurance Agents; J. E. Cryan, assistant secretary of America Fore, and William H. Gove of EMC Recordings Co.

Highlight of the Tuesday session will be a CPCU conferment luncheon. Harry F. Perlet, general manager of Interbureau Insurance Advisory Group, will be the keynote speaker.

Concurrent sales clinics on fire, inland marine and casualty coverages will be presented on Monday afternoon and repeated on Tuesday morning. The fire and inland marine clinic was coordinated by J. B. Royster of Henderson while the casualty clinic was arranged by Louie W. King of Olive Hill. The speakers, who will appear at both sessions, are:

FIRE—H. C. Pfenninger of Sun, moderator; Martin Boedeker of Royal Exchange, George Wharton of Hartford Fire, Frank Adcock of America Fore and Ken Dunkin of Travelers.

INLAND MARINE—A. Earl Stauffer of Fireman's Fund and B. Win Voorhees of National of Hartford group.

CASUALTY—Russell M. Caughron of Aetna Casualty, moderator; John James of Security, E. C. Schoumacher of Maryland Casualty, Otis Thompson of Aetna Casualty, William Thayer of Security and Wallis Lapham of Home Indemnity.

At the banquet Monday evening, Mr. Battles will install new officers. Other features include presentation of the Cherokee Cup and the Royal-Liverpool sales plaque.

The convention will close with a general forum moderated by J. R. Montgomery. Panelists include Charles M. Blackburn, commissioner of Kentucky department of motor transportation; George Willie, general counsel of the motor transportation department; Don S. Sturgill, acting commissioner of Kentucky department of public safety, and Jack Musselman, manager of the state's assigned risk plan.

No Action at Okla. Hearing on Sonic Boom

The Oklahoma hearing on sonic boom losses last week produced no official action. The consensus of companies present was that losses are being paid for under policies covering all perils except those excluded, while those writing coverage that is enumerated, including explosion, are not paying. North America is paying under all forms.

Travelers Opens Wichita Office

Travelers has opened a branch office in the Union National Bank building, Wichita. Facilities have been established for all lines.

New managers appointed are: Albert E. Colaw, life and A&S; Gordon L. Ditz, casualty, fidelity and surety, and William G. Goldsmith, fire and marine.

New York State Assn. of Insurance Agents has named E. Donald Smith of Jamestown and W. Everett Meade of Bath to the accident prevention committee to assist in the safe-teen program throughout the state.

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Accuses Long of Using La. Fire Premiums as Political Plum

The New Orleans *Item*, one of Louisiana's larger daily newspapers, has accused Gov. Long of using the state's fire insurance business as a political plum.

Though admitting that the governor's actions are nothing new and perfectly legal, the newspaper specifically named "friends, relatives and political followers" who cut up the some \$320,800 in commissions paid on the state fire insurance bill of \$152,590,584, covering more than 23,000 separate structures.

The newspaper says the commissions were paid to 221 insurance agents throughout the state, "the overwhelming majority of whom are well known as Long supporters."

It names J. Maxime Roy of Lafayette as recipient of the largest single commission—\$35,000—almost twice the amount any other agent received. Mr. Roy was a state senator from 1948-1952, and the paper pointed out that he also received more than \$7,000 in commissions from the state's casualty business during Gov. Long's last administration.

The articles also name the Baton Rouge agency, of which the governor's wife, Blanche, was a member until April of this year. That agency received \$5,000 in commissions, the *Item* said.

The articles attempt to tie in each named agency with the governor's administration or political background and point out, that while the business awarding practice is not new, "many students of state government still maintain that it is poor business to pay off friendships with state insurance premiums."

Award \$20 Million in Bonds

Fidelity & Deposit is surety on a \$16,015,785 contract for construction of the Sutton dam in West Virginia. The contract was awarded to L. E. Dixon, Arundel Corp. and Hunkin-Conkey as joint venturers by U. S. bureau of reclamation.

Fireman's Fund Indemnity is surety on a \$2,143,907 contract for construction of the Putah south canal and McCarty creek waterway on the Salona river project near Vacaville, Cal. The contract was awarded to Vinson Con-

struction Co. of Phoenix by U. S. bureau of reclamation.

Glens Falls Indemnity is surety on a \$1,049,566 contract for grade school construction at Calexico, Cal., to be completed by R. J. Daume Construction Co. of Hawthorne, Cal.

Culp Grand Ledge President

Harry O. Culp has been elected president of Grand Ledge (Mich.) Assn. of Insurance Agents succeeding S. W. Doty, who becomes secretary-treasurer. J. Riley Oles is the new vice-president.

Massachusetts Bonding Waives Applications on Blanket Fidelity Bonds

Massachusetts Bonding has announced that it will no longer require employer's applications on blanket fidelity bonds for most types of business classifications.

The company said it took the action after a careful study showed that a high percentage of employers were uninsured against the dishonesty hazard because of the requirement for appli-

cations. The company decided that many employers were unwilling to request employees to complete the fidelity application.

Waiving of the applications is considered the first major procedural change in writing of blanket fidelity bonds since their inception.

Michel Heads Philadelphia Society

Lincoln M. Michel of Fire Association has been elected president of Insurance Society of Philadelphia to succeed Wendell A. Simonson of Employers' group.



Odor Control Is A Profit Builder!

How Airkem rescued millions of cookies

Fire in a plant of one of the world's largest baked goods manufacturers doomed \$400,000 worth of cookies. Shipping cartons costing \$40,000 were contaminated by the heavy smoke and left unusable. Management found that another supply of cartons was unavailable for several months and was faced with prolonged business interruption and heavy losses in product sales. Airkem Smoke Odor Service, however, quickly and completely killed the odors in the irreplaceable cartons. Millions of fresh-baked cookies, cakes and candies were shipped without loss. No smoke odor losses were suffered, nor was business interrupted. Cost of this service was slightly more than \$1,000!

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Cal. Assn. Opposes Selective WC Commission Plan

A resolution opposing the practice of relating dividends to selective commissions in the writing of California workmen's compensation insurance was drawn up by California Assn. of Insurance Agents at its annual business meeting in San Francisco.

The association contended that this

increasing practice would result in serious harm in service to the public by independent producers of the agency system and resolved that these plans "wherever and whenever they exist, be opposed and resisted as detrimental to the interests of the public and the insurance industry."

In another resolution, Board of Fire Underwriters of the Pacific was commended for being the first to discuss with the association the 15-point program to reduce insurance acquisition costs on the part of companies and

producers. The program was adopted by the California association at its 1953 convention.

Also resolved was a commendation for National Automobile Underwriters Assn. and National Bureau of Casualty Underwriters for agreeing to publish changes of rules and rates at the same time. Previously these rating bureaus published their rate and rule changes on different dates, and the state association held that this was "productive of annoyance to the insurance buying public and of increased cost of doing business to insurance producers."

AFIA Service Club Elects Kipp President

AFIA Legion, the international quarter-century club of American Foreign Insurance Association, has elected F. H. Kipp president, E. J. Treen vice-president, E. Christopher secretary and C. M. Bowers treasurer.

Continental vice-presidents are M. Costi of Egypt for Africa, M. D'Mello of India for Asia, F. T. Wyckoff of England for Europe and Isabel Leiva de Zapico of Chile for South America.

The club now has 62 members of which 26 are New York employees. Five persons have reached the 35-year service mark, and 30 have completed more than 30 years with AFIA.

Waters Succeeds Jordan as President of SIIS

Richard G. Waters, resident vice-president at Houston for Pacific Employers and former casualty commissioner of Texas, was elected president of Southwest Insurance Information Service at its annual meeting in Dallas. He succeeds J. W. Jordan, vice-president of Commercial Standard.

Other new officers are Earl W. Gammage, president of Pan-American Group; John W. Washington, president of Texas Casualty, and F. E. McBride of Lumbermens Mutual Casualty, all vice-presidents; and Gilbert Smith of Cravens, Dargan, & Co., secretary-treasurer. F. Darby Hammond was renamed executive secretary.

Reese Named Watson V-P

Watson Surplus Lines has appointed Alvin L. Reese vice-president and manager of the Los Angeles office. Mr. Reese entered the insurance business with a Hollywood broker in 1938 and later joined American Surety. Prior to joining the Watson company, he was assistant manager in Los Angeles for Sayre & Toso.

S. C. Agents Urge UM Endorsement to Stall Compulsory

South Carolina Assn. of Insurance Agents urged companies to write the uninsured motorist endorsement in that state to thwart compulsory automobile insurance, in a resolution at the annual meeting at Myrtle Beach.

The association pointed out that at least one direct writer long since has filed the UM endorsement in the state. It called on companies collectively or individually to make the form available in the interests of competition and to prevent compulsory legislation.

Attendance at the convention reached 350. J. Edwin Schachte Jr. of Charleston was reelected president along with all other officers. New executive committee members are W. Dixon Foster of Columbia, W. M. McGinty of Greenville and Edwin F. Saunders of Walterboro. Other officers are W. L. Thompson Jr. of Hartsville, vice-president; Gordon A. Schmidt of Charleston, secretary; Hayne P. Glover Jr. of Greenville, state national director, and Lloyd E. Greer of Columbia, manager.

Rider for New Savings Banks Is Form SR 5609

In the Oct. 18 issue the new Surety Assn. of America rider for savings bank mortgage instruments was incorrectly identified as SR 6059. It is SR 5609. Also the article stated that the situation which SR 5609 is designed to cover is not covered by the BBB or title policies. If a bank has a question as to the extent of coverage under title policies the matter should be referred to counsel.

Boardman Named V-P

Paul Boardman, formerly project director for Peoples Development Co. of Columbus, has been appointed vice-president and general manager of National Corp. The corporation has as its subsidiaries Nationwide Life and National Casualty and also holds an interest in North American Accident.

J. A. Murphy, retired vice-president of First National bank of Minneapolis, has been elected a director of American Reliable of Minneapolis. Mr. Murphy's duties with American Reliable will include the supervision of the investment portfolio.

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Chicago Buyers Hear Talk on Business Interruption by Beatty

The basic principles of business interruption and its financial effect were explained by Robert M. Beatty, executive assistant of W. A. Alexander & Co., at the October meeting of the Chicago chapter of American Society of Insurance Management.

He listed the most important causes of business interruption as war, economic conditions or depressions, fire, explosion, tornado, hurricane, flood, riot, strikes on and off the premises, loss of market or suppliers and machinery breakdowns.

"When a business sustains a major interruption, the property site, its building, machinery, furniture and fixtures, inventory, and personnel lose their ability to function in their original intended purpose. Research sales promotion and advertising programs suffer major set-backs and the profit is generally completely lost," he said.

He pointed out that in addition to losses that may occur during the period of physical restoration of property, there are consequential losses that may extend over a long period of years, such as temporary removal of a product or brand name from the market.

In an analysis of a firm's exposure to loss by interruption, Mr. Beatty suggested giving most weight to the serious or possible loss and less weight to the small or probable loss. He emphasized that an analysis must consider not only the financial strain of replacement of buildings, machinery, inventories and other physical facilities but also the problem of maintaining fixed charges and personnel, which combined make up earnings. "As a rule of thumb," he said, "earnings are made up of approximately 80% fixed charges and 20% net profit." He pointed out that various relationships of physical property investments to earnings, seasonal factors and skill of employees makes it impossible to provide a general rule that may be used to evaluate or analyze the financial loss for all types of business.

"The only sound approach," he said, "is to start a calculation by determining the greatest possible loss under the most adverse conditions. Then, deduct reasonable credits that logically may be expected to be obtained by good sound management after an interruption of business occurs. Such an approach immediately discloses the greatest possible loss under the most adverse conditions and the approximate remedies or methods that could be employed to reduce or minimize the immediate possible loss and the consequential loss that might extend over a period of years."

Mr. Beatty pointed out that in making an analysis of a firm's exposure to loss, most departments and many executives of the firm have to be consulted. In addition to its basic purpose of providing the risk manager and executives with a fairly accurate estimate of their exposure to loss, the analysis develops methods of minimizing a loss if one occurs; trains key personnel to become loss conscious and use everyday precautions; effects future expansions in providing information to reduce loss exposure, and contributes to good management.

Mr. Beatty discussed some of the mechanics of making an analysis and emphasized that care must be taken to estimate the "extra or expediting expenses" that may be incurred after

a loss to restore property and carry on alternate operations.

After a firm has determined its exposure to loss, Mr. Beatty said, it must consider what can be done to control causes of loss. "Wars and depressions are practically beyond control, but those financial losses that may be sustained from other casualties can be controlled," he said. He suggested extra expenditures for protection as one method of control.

"Passing all or part of the risk of the common casualties on to insurance companies is a financial matter and

consideration, and depends entirely on the present finances and business judgment of those involved. Some important considerations are the insurance market, coverages available and their costs, available credit, interest rates, the general economy and "money market and future expansion plans and the demands they may have on the financial structure of a firm," he concluded.

Following his discussion, Mr. Beatty answered several questions on adjustment problems in business interruption losses and on the tax advantages of various business coverages.

IMUA Holds First Workshop Meeting

About 75 representatives of inland marine insurers participated in the first workshop discussion of Inland Marine Insurance Assn. conducted in New York City. Discussions centered around processing daily report and reporting forms.

Joseph G. Bill, assistant general manager and counsel of IMUA, was in charge. Raymond G. Shepard of Fire Association, chairman of the arrangements committee, spoke.



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American Fire to Vote on Liquidation

American Fire of District of Columbia has called a special meeting of stockholders for Nov. 19 to vote on proposed liquidation of the 83-year-old company.

Early last month the investment banking firm of Auchinloss, Parker & Redpath offered \$300 cash per share for American stock on condition that at least 1,001 of the 2,000 outstanding shares be deposited with them by Nov. 5.

Edmund M. Emmerich, president of the company, said that stockholders could get more than \$400 a share in liquidation and that an offer more in line with the liquidating value might be considered by stockholders. There are about 125 stockholders, many descendants of the original owners. Another bidder sought unsuccessfully for control of the company five years ago at \$200 a share.

Mutuals Raise Rates for Garages; Raise, Lower Commercial Car Rates

Mutual Insurance Rating Bureau has revised automobile liability rates for commercial automobiles and division 1 garage risks, effective Oct. 31 in Arizona, Delaware, District of Columbia, New Mexico, Oregon, South Carolina, South Dakota, Utah and Vermont.

There is a reduction of 3% in Arizona, 10% in South Carolina, 7% in South Dakota and 8% in Vermont. The increase is 11% for Delaware, 23% for New Mexico, 5% for Oregon, 10% for Utah and 4% for D. C.

For division 1 garage risks all changes are increases, 7% for Arizona, 18% for Delaware, 6% for D. C., 16% for New Mexico, 6% for Oregon, 12% for South Carolina, 25% for South Dakota, 23% for Utah and 13% for Vermont.

Allen to Head U. S. Unit to Hemispheric Meeting

Clinton L. Allen, president of Aetna Fire, will head a delegation of 26 insurance executives to the sixth Hemispheric Insurance Conference Nov. 19-26 in Buenos Aires. Mr. Allen is a director of U. S. Chamber of Commerce and chairman of its insurance committee. The delegation will include John A. Diemand, president of North America and chairman of the conference committee.

Southwest IASA to Meet Nov. 15-16

Southwest region of Insurance Accounting & Statistical Assn. will hold a two-day conference at Hilton hotel, San Antonio, Nov. 15-16.

Following a visit to the new office of United Services Association, panel sessions have been arranged for life, A&S, fire and casualty and group representatives on electronic and data processing subjects.

American Marine Group Elects Directors

American Institute of Marine Underwriters at its annual meeting elected as directors Owen E. Barker of Appleton & Cox, Martin M. Higgins of Automobile, G. D. McCarthy Jr. of Fireman's Fund, Robert L. Maxwell of Home, Henry C. Thorn of North America and James E. Rawling of Union Marine & General. Mr. Barker is also president of the institute.

Edward J. Reilly has been named staff assistant of National Automatic Sprinkler & Fire Control Assn.



CONNECTICUT'S Roads Resounded to the tramp of marching men

When Abraham Lincoln, in 1861, sounded the call for volunteers, Connecticut responded with five times its quota! And money flowed to Washington from its patriots in every walk of life.

As one of the original 13 Colonies, the "Nutmeg State" has courageously met every challenge to union and freedom. A fundamental American concept—"Three centuries of self-government based on constitutional liberty"—is proudly displayed on Connecticut's Great Seal.

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COMMENTS - TRENDS - OBSERVATIONS

Combs Shows How Claim Man, Agent Can Pool Talents to Create New Business

Claim men and agents should work as a team, the agent to write insurance fully suited to the needs of insured and the claim man to interpret and evaluate losses based on the adequate coverage sold, Hugh D. Combs, senior executive vice-president of U.S.F.&G., told the annual convention of Tennessee Assn. of Insurance Agents at Nashville.

Hugh D. Combs

Either can help or hurt, he said. If both agent and claim man do their work well, the combination is a good one. If both are liabilities, the company has more business off its books than a score of good agents can put on. If agents, claim men, and companies will give the public complete, honest service in claims and in general policy, the first-line stock insurers and their agents, so necessary to the handling of proper protection, will continue to thrive and prosper, he declared.

Besides helping the agent protect his clients' interest, the claim man also can serve in another way—direct business production. For example, a claim man, when making a fidelity payment involving a small amount, when coverage is not large can point out that the loss might have been much greater and that the coverage might have been inadequate. This will frequently lead to the sale of increased limits.

Again, the claim man, talking with insured on one type of coverage, can suggest the need for other coverage. When making a satisfactory settlement, he can remind the claimant that he represents a certain company and that there are other lines of insurance which his agent can secure for him. This will assist the alert local agent in developing sales in collateral lines.

Maintenance of happy relations with insured requires the cooperation of the agent, he said, and that starts when the policy is written. If the agent is not well versed in policy forms and coverages, and if the policy is written with omissions, groundwork is laid for future trouble with insured. If there is a claim, the claim man may find himself in the unhappy position of having to deny coverage. Abuse may be heaped on the claim man and his company by the disgruntled insured, and the agent loses prestige with insured and insured's acquaintances.

The agent in a policy sells a promise of future performance. Few insured take the trouble to read their policies and check over the coverages before a loss. They deal in realities after a loss. To insured, the test of a good company

is in the treatment they obtain from its claim man, and it is the manner in which the claim is handled that determines whether the same agent and the same company secure the renewal.

"Don't make excuses, make good," Mr. Combs suggested. There is a greater margin for error in writing coverage than ever before, for policies bear little resemblance to the simple coverage of years gone by. But the agent is presumed to be familiar with all those changes. Knowledge and competence are essential qualifications for the successful agent in today's highly competitive insurance field. The agent's task today is made more difficult by multiple coverages, which are essential for the adequate protection of insured.

But, if today's coverages require thought on the part of the agent in writing, the claim man has his problems in interpreting difficult situations that arise. At the same time, he must take care of the enormous increase in the number of claims and endeavor to keep everybody happy.

The claim man's troubles also have been multiplied by the education of plaintiffs' attorneys in methods of presentation of life expectancy statistics and gruesome exhibits. These methods, many of them enacted and calculated to play on the emotions of jurors, have resulted in many verdicts in the hundreds of thousands of dollars.

Over the past 10 years the average jury verdict for personal injury has gone from around \$3,500 to \$8,700 a case—an increase of almost 150%, he said. A freight train brakeman was awarded \$100,000 for facial disfigurement, though the judge had recommended settlement at a lower figure and the plaintiff had sued for only \$75,000. A 40-year-old woman was awarded a verdict of \$100,000 for an alleged back injury and multiple neuroses when a pennyweight scale fell on her. A porter, back at work on part time at his \$3,000-a-year job, was awarded \$100,000 when his case, involving a fractured skull, wrist, and tibia, was presented to a jury. A railway employee was awarded \$141,000 for the loss of a leg. A 13-year-old boy injured his eye with a stick he himself carried as he ran across a Manhattan playground. Lack of proper supervision by the city was the claim of negligence.

Again, a painter, who had returned to work and was making more money than before the accident, was given \$105,000 for the loss of the toes on one foot, and this award was based, in part, on the modern method of calculating on the basis of the days of expectancy for suffering, mortification, humiliation, and embarrassment.

An award was made to a painter who was resting in the shade of a boxcar when it was unexpectedly moved.

The injuries were most serious. He suffered severance of both legs, one arm, and a hand—the verdict was \$425,000, which the judge reduced to \$260,000, and a settlement was made for about \$100,000. These verdicts may not have been excessive. Judge and jury decide that, but verdicts do show the need for high limits of protection and proper care to make sure that insured has adequate coverage. Realistic verdicts are the rule in the thousands of cases tried before judges and juries today. They are the natural result of inflation and the depreciated purchas-

ing power of the dollar. It is estimated that the cost of claim settlements increases at least 5% a year.

All insurance looks alike. It is how the contract is carried out that engenders good or bad will, Mr. Combs said. A number of casualty companies offer to pay only half the loss on small claims, confident that insured will feel a lawsuit is too expensive a procedure to undertake. Some companies still follow the nefarious practice of refusing to settle cases of liability for more than \$3,500 on a \$5,000

(CONTINUED ON PAGE 17)

Ganders Set Out Values in Blue Goose

Following is a resolution unanimously adopted by 105 Oklahoma ganders at their weekly meeting, Oct. 22 in Oklahoma City:

Whereas, there has been brought to our attention an article in THE NATIONAL UNDERWRITER dated Oct. 11, 1956, titled "Says Blue Goose Has Lost Sight of Original Objectives," by R. D. Stickles of Atlanta, and;

Whereas, we the members of Oklahoma pond of Blue Goose International believe the article to be conceived in ignorance of the true worth and substantial benefit that the order has had in the fire insurance business and therefore detrimental to the order when read by those who may not be aware of good that has come from this association of men in the business and the great advantages that will continue into the future of the fire insurance profession, and;

Whereas, we believe that every man has a right to his opinion but are dubious of this writer's qualification to comment. We cannot conceive that one who evidences so little knowledge of the accomplishments and the precepts of Blue Goose should be accorded the privilege of airing those views in a magazine that enjoys such a well established reputation with insurance men throughout the country.

We know that it is true that the small body of men who held that first meeting in Green Bay, Wis., entertained for the moment only the thought of an evening of merriment, but the rapidity with which the idea caught on was evidence enough to them that there was a great need for just such an organization as Blue Goose turned out to be and the small group that subsequently prepared the first constitution and by-laws were not slow in taking advantage of the opportunity. They were men of vision and deserve great applause for their foresight.

Any man who has listened to the "admonition" and "charge" and listened with his mind as well as his ears cannot but be impressed. Any gosling who will agree to tote fair with his fellow members is worthy of the designation "Noble Gander." If he cannot subscribe to that simple promise, he has no place in this order or similar orders.

We believe that Blue Goose has been

of untold benefit to the fire insurance business else it would not have prospered and continued to grow for 50 years and now enjoy a membership of over 14,000 in the U.S. and Canada.

We of the Oklahoma pond which has been in existence for 50 years can point with pride to many, many acts of character, charity and fellowship by and for the members. Among the most outstanding is a memorial fund having at its disposal several thousand dollars to be loaned to members who may be in temporary need of financial assistance. It was built up and is maintained by the membership, willingly and cheerfully. It was started many years ago when a member who was in need of financial help was financed by his fellow member.

Just recently this pond has established a Blue Goose blood bank from which any member or his family can have allotted to him any amount of fresh blood on a moment's notice. Twenty-five members are to donate one pint of blood and as it is withdrawn other members will replace it.

When this blood bank was organized many of the members who were unable to donate offered to buy a pint of blood from an outsider who was eligible. They were promptly shouted down by the younger members who were eligible with the admonition that this is a charitable undertaking. Is that charity? Is that character?

The Oklahoma pond meets every Monday and in addition holds three initiations a year, all these meetings are conducted with dignity, decorum and sobriety. Is that fellowship?

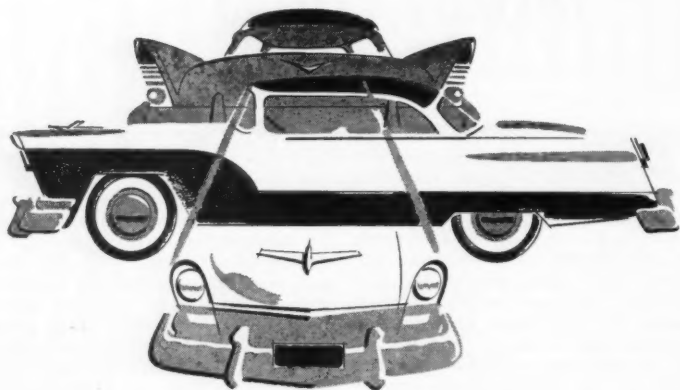
We believe the vast majority of ponds can testify to these same sentiments and examples.

We believe that if there are any ponds that are not living up to the precepts of the order that it is the fault of the officers and the members are responsible for their officers.

We believe you get out of an organization what you put in it and more but you must put something in to get anything out.

Now therefore be it resolved—that the Oklahoma pond deprecates this untimely article and with charity implores the author to "take another look."

Here's the sound approach to a value-minded buyer



COVERAGE—Agency and Claims Service—Cost. These are points about auto insurance that buyers are checking more closely than ever before.

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You can be certain that they are posted on the competitive situa-

tion in the auto insurance field. So, it's your move; particularly if the spread is widening between the number of them you've sold—and those you should have sold.

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Stick, Kollath Retire from Crum & Forster

Ralph R. Stick, supervising underwriter, and Otto C. Kollath, Wisconsin underwriter, have retired from the western department of the Crum & Forster companies.

Mr. Stick has been succeeded by Henry J. Lussem Jr. as Iowa underwriter. Melvin V. Wiest has been named to succeed Mr. Kollath.

Mr. Stick began his insurance career with Hartford Fire, joined Crum & Forster in 1935 and was named-supervising underwriter in 1952.

Mr. Kollath has been with Crum & Forster for more than 36 years and in insurance for 48 years.

American Surety Names Two at Los Angeles

William N. Jaccard Jr. and Robert E. Hunter have been promoted to assistant managers at Los Angeles by American Surety.

Mr. Jaccard joined American Surety at Los Angeles in 1949 in the casualty underwriting department and was appointed casualty superintendent in 1950. Mr. Hunter started in 1949 as a special agent, becoming surety superintendent in 1955. He will go to Phoenix where he will establish production and underwriting facilities for Arizona.

Stockholders OK Merger of St. Paul Group Insurers

At the special meeting of stockholders of St. Paul F.&M. last week, the merger of Saint Paul-Mercury Indemnity into St. Paul F.&M. as of Dec. 31 was approved, with 92% of the stockholders voting in favor, and none opposed.

At the same meeting, the directors voted the quarterly dividend of 30¢ per share, payable Jan. 17, to stockholders of record Jan. 10.

Allegheny CPCU to Have Conferment Nov. 5

Allegheny chapter of CPCU has scheduled its all-industry luncheon for Nov. 5 at Pittsburgh. The event will be co-sponsored by several other Pittsburgh insurance organizations. Six new CPCUs will be awarded their designations by E. S. Overman, assistant dean of the American Institute. Gerald E. Myers will give a talk on "Bailor-Bailee Insurance Problems."

Great American Makes Los Angeles Changes

Great American has transferred Agency Superintendent J. C. Wickler from the Pacific department to Los Angeles, where he will supervise fire business of the company's regional office, which has been moved to 601 South Ardmore avenue.

The casualty and bonding department will continue under the direction of Manager W. J. McKinnon and P. W. Roster, assistant manager.

Mrs. Penrod Named Head of Texas Insurance Women

Federation of Insurance Women of Texas at its annual convention in Odessa elected Mrs. Lera Penrod of Odessa president to succeed Mrs. Lucie Lillis of Houston. Some 225 members and guests attended the two-day meeting.

Other new officers are Beatrice Greenfield of Dallas, 1st vice-president; Bobbe Larsen of Lubbock, 2nd vice-president; Joyce Park of Odessa and Ann Sinclair of Amarillo, secretaries, and Claire Bledsoe of Tyler, treasurer.

Speakers at the business sessions included William J. Iliff of Fireman's Fund group, Dallas; John D. Hunter of Trinity Universal, San Angelo; Marion Sanford, president of Texas Assn. of Insurance Agents, and Sam Clements of the Trezevant & Cochran agency.

The federation will meet at San Antonio in 1957 and at Lubbock in 1958.

Commercial Property Filings Approved in Ida.

Concurrent filings of commercial property coverage by Inland Marine Insurance Bureau, National Bureau of Casualty Underwriters and local fire rating organizations have been approved in Idaho, effective Oct. 1. These filings will supersede those heretofore made for mercantile block insurance.

N. Y. Agent's License Revoked

Superintendent Holz of New York has revoked all licenses issued to Mrs. Ruth Grad, 190 West 135th street, New York City, because of incompetency and untrustworthiness.

Insurance Women of Lincoln (Neb.) elected Miss Peggy Picard treasurer at a recent meeting.

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N. Y. Brokers Give Heard Gold Medal

General Insurance Brokers' Assn. of New York has presented its gold medal



Manning W. Heard

award for meritorious service in the business to Manning W. Heard, vice-president and general counsel of Hartford Accident.

The presentation was made at the annual dinner of the association in New York City. Russell Wittpenn, president of the association, presided, and J. Victor Herd, president of American Fore, was toastmaster.

Mr. Wittpenn lauded brokers for their contributions to the business and said they should have a voice in the evolution of new products which companies expect them to sell to the public. He said there is need for prior consultation between insurers, bureaus and producers on matters affecting all segments of the business.

Mr. Wittpenn commented that much of the present controversy over the personal property floater filing in New York City could have been avoided had the governing bureau consulted with producers beforehand.

The association has officially requested the New York department to repeal the entire existing PPF filing in the four counties in New York City.

Huestis Transfers in Mont.

Montana Fire Rating Bureau is transferring Earl R. Huestis to Great Falls as resident surveyor. He has been with the bureau since 1950.

Combs Shows How to Pool Talents to Get Business

(CONTINUED FROM PAGE 15)

policy, or \$7,500 on a \$10,000 policy. These tactics are talked about, but frequently are not singled out by name, unfortunately, the offending companies and the whole business gets the "black eye." Claim men indulging in these practices obviously are of no assistance to agents in holding business or securing new business.

The claim man is in an ideal position to help the agent increase sales, but this can happen only when claims are honestly handled and when proper claims are paid promptly and fairly.

Agents have their work cut out for them. Competition is keen and the business of being an agent is a full time job. But the agent who has the assistance of good claim men, who

work for their companies with honest intentions, need have no serious fear of competition. The business of selling insurance is too broad and complicated a field for amateurs—it is too serious a matter for mail-order or hand-me-down tactics, he declared. The specialty company, which grinds out policies indiscriminately, then selects as insured the cream of the crop and cancels the rest, does not serve the public nor take the place of the competent and thorough agent with the best interests of his client in mind.

Prescott Retires From Hartford Fire; Two Get Agency Posts

T. S. Prescott has retired as assistant manager of Hartford Fire's southern department, and Robert G. Bezucha and Fletcher B. Quillan Jr. have been promoted from special agents to agency superintendents.

Mr. Prescott started with the company in 1923 after working for South-eastern Underwriters Assn. as an en-

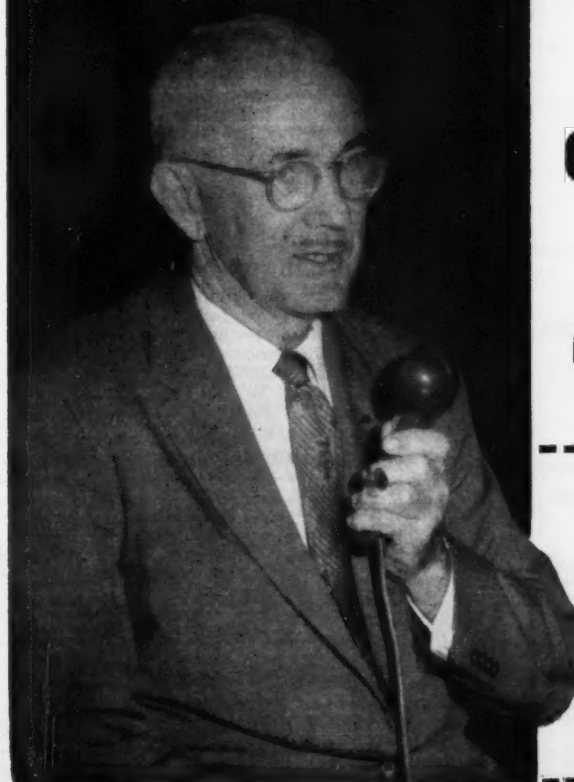
gineer. He was special agent in Virginia before being named assistant manager of the southern department at Atlanta in 1939.

Mr. Bezucha joined the company in Chicago and subsequently went to the southern department. For the past 12 years he has been a field man.

Mr. Quillan went to the company in 1925 and worked at Atlanta until 1940 when he was named special agent out of Dallas. He will be replaced there by H. Ben Cogburn Jr., who has been with the company since 1948.

"With General we have a 'Cadillac' Insurance Franchise"

Writes L. F. Hurley,
President of Hurley,
Wright & Powell, Inc.,
Knoxville, Tennessee



HERE IS HIS LETTER :

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"With our revolving sign out front, we feel that we have a 'Cadillac' insurance franchise. Rated A plus and AAAAA with Bests, we know we have top quality financially. With General Fire's underwriting profit leading the 30 largest fire companies on 10 year averages, management has to be right. With trained company adjusters who pay promptly and equitably we've found their claim service second to none.

"We are glad that our leading company dared to be different. Preferred underwriting with broader than usual coverages, properly packaged, makes selling easy. This is the era of merchandising, General and Safeco with their prices and advertising plans make it easy for the man who sees the prospects."

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Program for HIAA Forum on Individual Coverages Is Given

Health Insurance Assn. of America has released the complete schedule of events for its meeting Nov. 12-13 at the Statler-Hilton hotel, Dallas.

Nov. 12, morning: J. M. Wickman, 2nd vice-president, Mutual of New York, presiding. Welcome addresses by E. J. Faulkner, president of HIAA and of Woodmen Accident & Life, and Robert R. Neal, general manager of

HIAA. Report on individual insurance committee activities by Mr. Wickman, chairman of the individual insurance committee of HIAA. Brokerage A&S business, E. D. Speer, vice-president of Great American Reserve. Report of special risks committee of the risk selection subcommittee by Gerald S. Parker, committee chairman, and secretary of Guardian Life.

Nov. 12, afternoon: Panel discussion of medical impairments. Peter J. Burns, executive assistant New York Life, moderator. Gastric and duodenal ulcers, J. M. Ryan, chief underwriter Metropolitan Life. Heart and circulatory conditions, Byron S. Davis, manager A&S underwriting department State Mutual Life. Female conditions, E. J. Borgenson, manager casualty underwriting division Washington National. Mental and nervous disorders, Rodney U. Clark, superintendent of A&H underwriting Massachusetts Protective. Medical Expert, Dr. Alfred F. Seibert, associate med-

ical director of Travelers.

5:30 p.m. reception.

Nov. 13, breakfast sessions: Age limits for A&S including over-age insurance and paid-up insurance, J. F. Follmann Jr., director of information and research of HIAA. Uniform policy provisions and approval problems, John P. Hanna, general counsel HIAA. Over-coverage and duplication and problems, A. M. Hansen, assistant vice-president Mutual Benefit H&A. Claim problems, K. C. Berry, 3rd vice-president Lumbermens Mutual Casualty. Deductible insurance, Charles N. Walker, associate actuary and manager of A&S Lincoln National Life.

9:45 a.m.: Major medical expense panel. Henry R. Roberts, secretary accident department Connecticut General, moderator. Some aspects of marketing, W. W. Cramer, assistant to agency vice-president Equitable Society. Influence of income and geographical location, Charles N. Walker, associate actuary Lincoln National. Some problems in the selection of risks, Robert E. Ryan, superintendent A&H department Royal-Liverpool insurance group.

10:45 a.m.: How does a company meet A&H advertising standards? Donald S. MacNaughton, assistant general solicitor Prudential.

11:30 a.m.: Moral risk panel: Earle B. Tilton, superintendent of life underwriting Nationwide Mutual, moderator. Panelists, Robert S. Schoonmaker Jr., A&H secretary Berkshire Life; Paul V. Miller, assistant secretary Employers Reinsurance; A. B. Hvale, assistant secretary Continental Casualty.

2 p.m.: Question clinic. Moderator, Roy A. MacDonald, director of company relations HIAA. Panel members, Dr. John E. Boland, medical director North American Accident; D. B. Alport, underwriting vice-president of Business Men's Assurance; T. T. McClintock, A&S insurance director of American United Life; W. H. Greenwood Jr., associate insurance supervisor Provident Mutual Life; and Douglas N. Morrison, assistant secretary of Aetna Life.

3:30 p.m.: Case clinic. Moderator, Ward H. Beall, underwriting vice-president of North American Life & Casualty; panel members, B. K. Holliday, underwriting vice-president of Federal Life & Casualty; H. L. Graham, A&S secretary of Bankers Life of Iowa; Charles E. Stevens, assistant A&S superintendent of Indemnity of North America; and T. K. Bond, chief underwriter of Provident Life & Accident.

The meeting will close with comments by Mr. Wickman.

Greater N. Y. Brokers Name Sprintz Secretary

Abraham L. Sprintz has been appointed executive secretary of the Greater New York Insurance Brokers' Assn. to succeed Pauline M. Schneider.

Mr. Sprintz was formerly an attorney with America Fore and Metropolitan Life, later becoming a broker. He was most recently executive secretary of the Independent Insurance Brokers' Assn. of Brooklyn.

McNally Heads So. Cal. Loss Unit of Phoenix

Phoenix of London group has appointed Thomas W. McNally manager of the southern California loss department, succeeding Robert Richards who has resigned to enter the independent adjusting field.

Mr. McNally had been in the adjusting business for five years when he joined Phoenix of London in 1952. He has been assistant regional loss superintendent.

CBS Buys FIA Hartford Building for \$310,000

Columbia Broadcasting System has purchased the four story building at 55 Asylum avenue, Hartford, from Factory Insurance Association for \$310,000. The building formerly housed radio station WTHT in addition to FIA which has moved to a new building at Asylum avenue and Woodland street.

Knowledge, Ability Are Key to Sales, Tenn. Agents Told

NASHVILLE—At the closing session of the annual meeting of Insurors of Tennessee last



L. V. Irvine

week, L. V. Irvine, educational director of Travelers, said every survey has shown knowledge to be an indispensable part of the equipment of a successful salesman, but not the entire equipment. In addition a salesman must not be afraid

of work, must believe in his product, must be able to find and qualify prospects and must make no compromise with independence, integrity and ethics.

As of a few years ago, Mr. Irvine said, someone compiled a list of 476 different kinds of property and liability insurance. That list, frightening as it is, is probably too small as of today, because it does not include the many new broadened forms and package policies. But it does point up the fact that knowledge of coverages is only the first step with a successful insurance salesman. A prospect will not buy just because the salesman can rattle off an amazing number of insurance forms—the salesman must be able to point out just how and why a particular combination of available coverages will fill his needs. As an example of failure to do this, Mr. Irvine said that when he moved to Hartford several years ago, a life agent gave him a canvass on educational insurance. He had failed to check the exposure—both Mr. Irvine's sons were through college and married at the time.

Fundamentally, Mr. Irvine said, there are only three basic exposures—loss of income, loss of property and liability to others. Complicated as the exposures and the methods of insuring them are, these fundamentals are good whether the insurance man is talking about the prospect's business or his personal insurance. Further, there are just three things any prospect—personal or business—can do about these basic exposures. He may ignore them, he may remove or reduce them or he may transfer them to another insurance company. Admitting that this is oversimplification in the average case, Mr. Irvine said that it still is fundamental and the insurance man can reduce every case to an explanation of these alternatives and an application of this knowledge of insurance to make his prospect aware of his exposures and what to do about them. He illustrated his talk with some flannel board illustrations which he uses in his agency school.

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J. C. KUNCHES, V. P.

Chicago Buyers' Seminar Attracts 100

More than 100 Chicago area insurance managers and their guests attended the one-day seminar sponsored by Chicago chapter of American Society of Insurance Management. The large attendance and interest indicate that the seminar will be an annual event.

Speakers on the program included C. A. Siegfried, vice-president of Metropolitan Life; L. F. Hawley, president of Newhouse & Hawley; J. R. Hersey, marine superintendent of Fireman's Fund, and J. L. Sybrandt Jr. and J. G. Young, both of Western Adjustment.

Mr. Siegfried reviewed the important changes made in group insurance plans of the auto, electrical and steel industries and pointed out that other industries will probably follow suit.

He pointed out that under the majority of the group plans in effect today, the relationship between the parties affected is simple and not changed by some of the new issues which have arisen. The employer adopts a plan which is offered to his employees usually on the basis that the employee make a specified fixed contribution from his earnings. The employer enters into a contract with an insurance company and assumes direct responsibility for the cost of the plan not covered by employee contributions. The employer is the judge of the insurance company's performance and the employee has a certificate from the insurer describing his benefits and a clear-cut relationship with his employer as to the conditions under which he is entitled to benefits.

He warned that where responsibility is divided, such as where an employer and union enter into an agreement on employee insurance, there is a different situation often involving joint administration of the plan. Joint administration, he said, can result in serious problems and responsibilities which do not exist when bargaining takes place solely on a level-of-benefits basis. To avoid these problems, he said, many employers seek to limit bargaining to considerations pertaining to the level of benefits.

There is no guarantee that an employer who bargains on a level-of-benefits basis will be able to retain full control of the administration of such plans, however. A recognition of what is at stake is important since many possibilities that confront them in the way of loss of control heretofore regarded as their sole responsibility. If an employer who seeks to have a uniform plan and who bargains on a level-of-benefits basis (and is prepared to assume responsibility for the cost of a plan) is compelled to give information on costs to the union—such employer has lost a valuable control over his management functions. If the union or unions have full information on cost differentials of benefits as between unions and plants, they are in a position to play low-cost units against high-cost units in the same fashion as under plans where bargaining has been on a cost basis.

Mr. Siegfried warned that it is of prime importance that employers have a well-determined policy on control of group plans.

Mr. Siegfried described some of the trends in benefits for retired employees and pointed out that the differences in medical expense needs and problems of older persons has led to modifications of benefits for the retired group.

He praised the developments made

in group insurance by insurance representatives, employers and union leaders as a healthy and encouraging sign of their ability to cope with the changing situation in the future.

Mr. Hawley outlined the various coverages which are available on a special risk basis and how they supplement standard coverages. He said problems in obtaining coverage is often due to lack of proper underwriting information. "Many corporate buyers of insurance are too reluctant to divulge

such vital information as values, past loss experience and complete detail concerning their existing insurance program."

He said withholding information on the risk can only lead to insured's detriment in the final analysis, since it is bound to influence the insurer's generosity when a debatable claim arises. Withholding loss information, he said, ultimately affects the stability of the corporation's insurance market since there is bound to be an adverse loss ratio to the insurer as a result of basically inadequate premium at the time of

the risk assumption. Mr. Hawley explained that although there has been a marked broadening of coverages by American insurers, they have not been able to provide the special risk coverages offered by London Lloyds. He explained the operation of London Lloyds syndicates and gave reasons for their non-admittance in most states of this country.

"Because of their freedom of action," he explained, "Lloyd's underwriters have, since their inception, written all forms of insurance except life and fi-

(CONTINUED ON PAGE 23)

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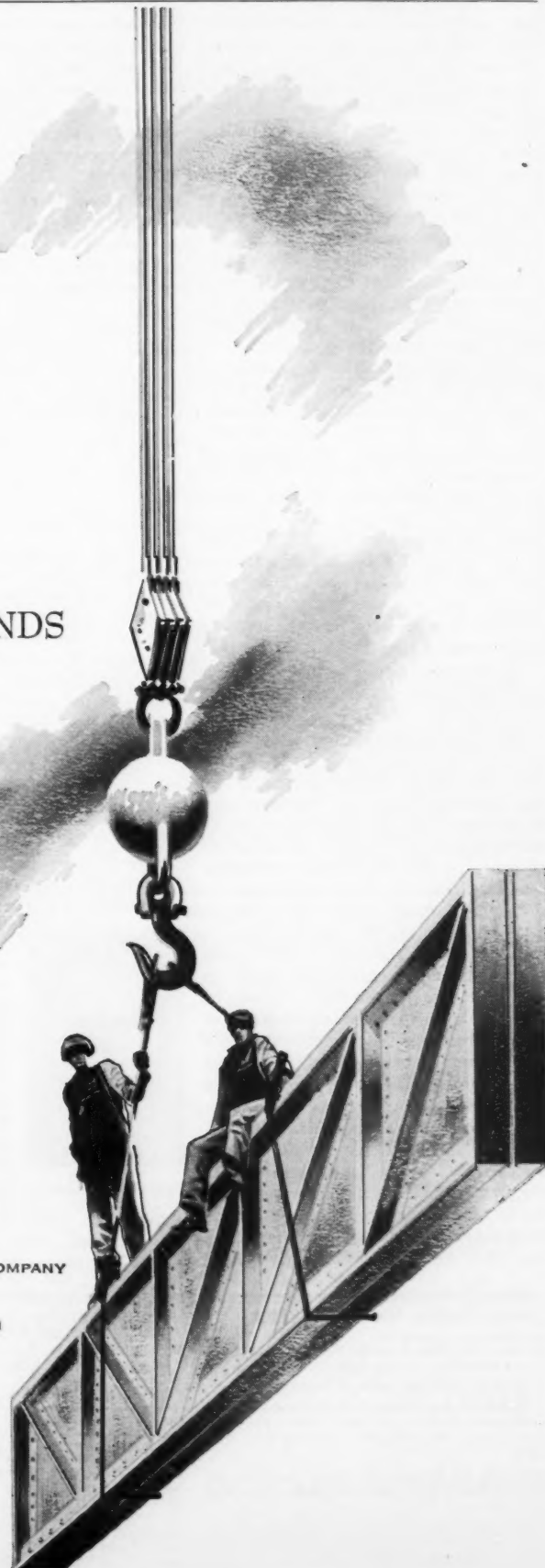
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EDITORIAL COMMENT

Benefits of Compulsory Retirement

For two reasons the comments on retirement written for the New York Times magazine by Clarence B. Randall, retired president of Inland Steel Co., are of interest to the insurance business.

Mr. Randall speaks up for mandatory retirement at 65. Admitting that there may be a difference between the problem of an executive in a large company and that of a man who works for himself, he states that compulsory retirement at a fixed age for executives in large companies is a must from every point of view—it is best for the individual and for his company. For a large number of persons working together as a group it is necessary to have non-selective retirement, he states. As a matter of decent human relations, there simply is no other wise course to follow where team play is involved.

As a personal matter the tempo of life after 65 may even at times increase, he notes—but it is voluntary and controllable rather than compulsory and continuous. The absence of compulsory retirement for executives at a fixed age under a rule which governs all alike does damage in a large company. Mr. Randall does not argue for 65 per se, but there must be a limit which applies without exception, and he believes the age is 65 because it is the best for the average experience of mankind.

In an organization which does not have such an age plan, decisions as to who shall go and who shall stay are made on expediency, and either consciously or unconsciously often reflect the pressures of old friendships in the top management group. The man who does a good job and puts his house in order is retired because his assistant is ready to take over. But a colleague who has ignored sound principles of personnel administration for years is kept on because no one is there to take his place. This, Mr. Randall emphasizes, sets up stress and strain in the organization, and there is loss of morale through its unfairness to younger men in the organization. The years drag on slowly for the second echelon. Jealousies are aroused and personnel take up sides.

A firm policy of compulsory retirement at specified age for all comers is essential to good management. As for the individual, if, when he starts out in an organization as a young man, such a policy is firmly established, he can make his plans accordingly—there

is no lack of opportunity for the man who has retired to lead an active, creative life, Mr. Randall declared.

This is about as sensible a view of compulsory retirement at 65 as we have seen, and if it were more widely held by the public, it might reduce the undeserved criticism that has been aimed at the life insurance companies and their actuaries for "establishing" 65 as the cut off age. Some of this criticism has implied that the life companies invented the whole thing for their own convenience. Mr. Randall knows better and says it.

The other point of interest is that in many fire and casualty companies the lack of a compulsory retirement age has done exactly what Mr. Randall says it does, it has reduced morale among the younger men coming up and created jealousies which have tended to hobble good teamwork. In a few cases, this lack of good management principle has been responsible for a downgrading of staff as the good men coming up went elsewhere for larger, or at least prompt opportunity.

The situation in fire and casualty is improved over what it was years ago. Some of the companies are as modern in their retirement programs as any corporations in the American economy. But the business still has a long way to go before the majority of the insurers, of which there are a great many, have the kind of program that will do what Mr. Randall describes.

PERSONALS

Charles C. Clarke, recently appointed midwestern public relations director for Assn. of Casualty & Surety Companies, was formally introduced to the insurance fraternity of Chicago at a reception at the Union League club there last week. More than 100 company and business association officers as well as representatives of the daily and business press attended the function. The new public relations division was established to



Charles C. Clarke

provide a readily available source of factual information about the casualty and surety business and to supplement the activities of the midwestern office of the association. In addition to serving as an informational source for news media, the PR division will organize a speaker's bureau, assist insurance agents in the conduct of their programs, particularly as they involve public relations and advertising, and work in cooperation with other divisions of the midwestern office. Mr. Clarke had been associate editor of the fire-casualty and life editions of THE NATIONAL UNDERWRITER prior to joining the association and was also editor of the Insurance Exchange magazine, a monthly publication of the National Underwriter Co. directed to agents and brokers in Illinois.

George J. Stewart, president of Stewart, Smith & Co., Inc., will be the speaker at the annual trustee's reception of the New York school of social work, Columbia university, on Nov. 8. The reception honors new board members. Mr. Stewart is also president of United Benefit Fire of Omaha, Great Eastern of Canada and chairman of London & Edinburgh.

Robert J. Thome of Baltimore, new president of Maryland Assn. of Insurance Agents, started in insurance in 1910. He formed his own agency in Baltimore in 1946 after 33 years with the Leo E. Hartman agency there. He was formerly executive vice-president of the Maryland association.



Robert B. Thome



John P. Woodall

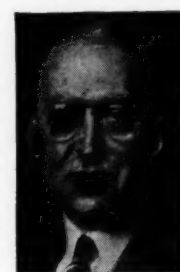
John P. Woodall, new manager of Southeastern Underwriters Assn., started with the association in 1926 as an engineer. He was promoted to assistant secretary in 1940 and secretary in 1949. He succeeds the late W. W. Sampson.

A. J. O'Donnell, assistant secretary of North British at New York, marked his 40th anniversary with the group. He started in the mail room, transferred to the New England department in 1927, became a general agent in 1944 and was named assistant secretary in 1949. His associates honored him at a luncheon.

ROBERT F. BOSTWICK, 74, Los Angeles broker, died there.

DEATHS

COL FRANK D. LAYTON, 77, retired chairman of National Fire and



Frank D. Layton

president of the company from 1928 to 1948, died following an automobile accident. Col. Layton started in the insurance business at an early age with his father in a local agency at South Norwalk, Conn., a business founded by his father as J. M. Layton agency and still operating under the name of J. M. Layton & Co., although now largely owned by Lawrence K. Paul. Mr. Layton was appointed a part-time special agent for National in 1902, covering New England, New York and the West Indies. In 1908 he became a full-time senior field man, and two years later was elected assistant secretary. Subsequently he became secretary, and in 1919 was chosen vice-president. He started his long term as director in 1920, and eight years later became president also. He retired as president in 1948 and served as chairman from that date until January, 1955.

In addition to acting as an important factor in the development of the business of National Fire and its subsidiaries, Col. Layton was a constructive figure in the work of numerous insurance organizations. He was a past president of National Board, Factory Insurance Assn., Eastern Tornado Insurance Assn. and of New York Suburban Fire Insurance Exchange which was organized under his leadership. He served also as chairman of the executive committee and the public relations committee of National Board and of the executive committee of Factory Insurance Assn. He was for many years a director of Underwriters Laboratories and General Adjustment Bureau.

A committee representing National Board attended the funeral at Hartford, Conn. They are D. R. Ackerman, C. L. Allen, F. A. Christensen, J. Victor Herd, J. C. Hullett, W. Ross McCain, John A. North and Lewis A. Vincent.

GEORGE H. CROSBIE, 73, retired broker of Boston, died in North Scituate, Mass., after a short illness. He had been a partner in the firm of Crosbie & MacDonald.

HERBERT YORK, 64, local agent of Goldsboro, N. C., died after a short illness.

KARL M. KEEFER, field supervisor of Excelsior at Syracuse, N. Y., died there following a heart attack. He started in insurance in 1915 with New

THE NATIONAL UNDERWRITER

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SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.



York Fire Insurance Rating Organization which was then called the Underwriters Assn. After several years as a local agent in Buffalo, he became a field man for State of Pennsylvania. He supervised Syracuse and Onondaga county for Excelsior and, until last June, was responsible for eastern New York state as well.

WILLIAM H. MARSH, 80, secretary-treasurer of the Fred L. Gray Co. general agency for 30 years until his retirement some 20 years ago, died at Minneapolis.

ALBERT BAUMGARTEN Jr., 62, a partner in the Neuendorf-Baumgarten agency at Saginaw, Mich., died at his home there.

H. B. CHRISSENGER, 69, manager of National Inspection Co. at Chicago until his retirement last June, died of a heart attack at his home in Sarasota,

Fla. He began his insurance career with the western department of Sun in 1903 and joined National Inspection as an inspector in 1912. He was a life member of the old Fire Underwriters Assn. of the Northwest and a member of Illinois pond of Blue Goose. One of his sons, William T., is a resident inspector for National Inspection at Indianapolis, and another son, Horace B., is a major in the U. S. army in Japan.

NEVILLE G. ALLEN, 44, local agent



Neville G. Allen

of Laurel, Miss., and past president of Mississippi Assn. of Insurance Agents, died in Laurel hospital following a heart attack. He was also past president of the state insurance commission and headed the Laurel election commission.

ARTHUR A. KNOPP, 76, special agent in northern Illinois for New York Underwriters until he retired in 1946, died of a cerebral hemorrhage at Glen Ellyn Acres nursing home, Glen Ellyn, Ill. Mr. Knopp began his insurance career with Sanborn Map Co. immediately after graduation from the University of Minnesota and later was with Illinois Inspection Bureau. He joined New York Underwriters as a field man in 1914 and traveled eastern Missouri and North Dakota before he was assigned to northern Illinois in the early '20s. Mr. Knopp was a past president of the Illinois Fire Underwriters Assn. in 1926, when it was known as the Illinois State Board. He was a life member of Honorable Order of Blue Goose International. His son, Keith B. Knopp, is manager of the north side office of Western Adjustment, and a brother, Herbert, is a local agent at Rochester, Minn.

ALFRED D. YEATON, 83, who retired as a vice-president of New Hampshire Fire in 1939, died at his home in Hampton, N. H. Mr. Yeaton joined New Hampshire Fire in 1896 and served



ALFRED D. YEATON

successfully as special agent, state agent and western general agent for many years before being transferred to the home office in 1936. He was named a vice-president in 1937.

JOHN E. O'NEIL, 67, senior member of the Boston general agency of Fairfield & Ellis, died in St. Elizabeth Hospital there. He joined the agency (CONTINUED ON PAGE 24)



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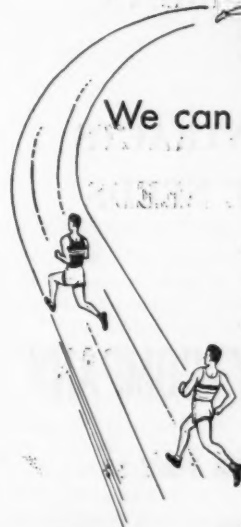
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NAII Sees Higher Rates as Essential

(CONTINUED FROM PAGE 1)

and A. Grant Whitney of Belk Stores Reciprocal.

J. C. Suverkrup of Wabash Fire & Casualty was elected Secretary, M. S. Dougherty Jr. of Audobon, was elected treasurer and Vestal Lemmon general manager, re-elected.

New members of the board of governors are C. B. Kenney of Allstate, Walter L. Hays of American Fire & Casualty, H. E. Curry of State Farm Mutual, Clyde Cecil of Colorado Farm Bureau Mutual, W. E. McKee of State Automobile of Des Moines and Paul R. Erickson of Detroit Auto Exchange.

Lowell B. Mason of Federal Trade Commission who was scheduled to address the opening luncheon was prevented by illness from doing so, and Commissioner McConnell of California was moved up from Tuesday to Monday to take his spot on the program.

The need for substantial rate increases to meet steadily worsening experience and offset underwriting losses was emphasized by several speakers, including Vestal Lemmon, general manager. If the upward trend in claim costs and frequency does not decidedly and immediately turn better, general rate increases greater than have been requested or approved thus far, will have to be forthcoming, he declared. He urged insurance departments not to deny or delay, on political or other arbitrary grounds, meritorious rate changes.

Paradoxically, Robert B. Taylor of Oregon, president National Assn. of Insurance Commissioners, in his turn urged insurers to stop relying on investment income to support their rates and to become less independent in their competitive approach. Otherwise, he said, the business is in for serious trouble. Rates are being used as a competitive device and not to get in enough money to pay losses, he indicated and wondered how long insurers will be entitled to the privileges and freedoms of insurers if they do not perform the primary function of an insurer and earn an underwriting profit.

While Mr. Taylor questioned the wisdom of complete independence, Mr. Lemmon struck out at "certain groups in the business who are with increasing vigor sponsoring self-seeking legislation and administrative rulings to bring about rigidity and forced uniformity in rates, coverages and underwriting procedures." He declared NAII will fight such efforts with vigor and determination.

Edward G. Lowry, chairman of General Re, added to the generally gloomy view of experience by pointing out that fire reinsurance has entered a lean era, and casualty reinsurance loss ratios

are deteriorating.

NAII will continue to oppose all forms of compulsory automobile, Mr. Lemmon declared, including the "equal responsibility" measure of a "brother association."

In his presidential address, Leo Goodwin Sr., president of Government Employees, said that while maximum effort should be exerted to get innocent victims compensation for injuries sustained at the hands of negligent motorists, the basic problem is prevention of automobile accidents. The problem of financial compensation can and will be solved, but it is secondary to reduction of traffic mayhem, he declared.

Mr. Lemmon recommended concerted effort to pool the dollars and energy of the business to get a more intensified educational traffic safety program, stronger traffic and driver licensing laws and better enforcement by trained personnel.

He also outlined the activities and objectives of the public relations division of NAII, now a year old. The organization is getting more publicity. It also has a long range program of public education, the first step of which is a national press syndicate to distribute to a select list of dailies and weeklies country over a bi-monthly column devoted to industry topics and emphasizing the independent viewpoint.

Driscoll to Speak at Minneapolis Meeting

James E. Driscoll, special representative of Fire Association in the northwest area, will be the speaker at the Nov. 5 luncheon meeting of Insurance Club of Minneapolis. He will describe the great fire loss a few years ago at the Lavonia plant of General Motors Co. and will illustrate his talk with a colored film entitled "Non-Combustible Buildings do Burn."

To Hold WC Hearing in Mo.

Commissioner Leggett of Missouri has scheduled a public hearing on Nov. 8 at Jefferson City to consider general revision of the prevailing workmen's compensation rates for the state as well as other aspects of workmen's compensation insurance.

Mutual Fire of Dauphin county, Pa. has been voluntarily dissolved and all policies and other liabilities are reinsured and assumed by Lititz Mutual of Pennsylvania.

Kenosha Assn. of Insurance Women held an open house on Oct. 26 for insurance women's clubs in region V. Eighty-five guests attended from Madison, Milwaukee, Racine, Chicago, Rockford and Freeport. A cocktail party sponsored by Kenosha Assn. of Insurance Agents and a dinner at the Kenosha Yacht club are included in the program.

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Chicago Buyers Seminar to be Annual Event

(CONTINUED FROM PAGE 19)

financial guarantee policies. It is not unusual for the same underwriting syndicate to assume the risk of fire, casualty, marine, aviation, accident and sickness or fidelity.

"It is only in recent years that American companies have broadened their charters to enable them to write all these various coverages in one company. There is no doubt," he said, "that within the foreseeable future most large property insurance companies will also write the casualty forms of coverage in the same policy and vice versa. However, before this can become common practice it will be necessary for these companies to train underwriters in all branches of insurance rather than only the specialized fields in which they have operated in the past."

Mr. Hawley concluded that until such time as American companies have such experienced underwriters in their employ, it will be necessary for large corporate buyers to continue to use Lloyds or other experienced non-admitted insurance markets for their special risks.

Mr. Hersey explained how the development of Chicago as an ocean port would place many corporate insurance buyers in the market for ocean marine insurance. He explained that a steamship operator or vessel owner has very little legal responsibility toward the cargo that he accepts for shipment in contrast to the responsibility of common carriers. "Therefore, it is vital that the exporter or importer be protected by an adequate insurance program of his own."

Mr. Hersey also explained that under admiralty law a master of a vessel when faced with grave and imminent danger, is empowered to take any action necessary to preserve his vessel and the cargoes he carries from disaster or total destruction. "Certain basic rules cover the declaration of any such act as general average, which when it involves destruction of cargo spreads the cost of the sacrifice over all interests benefitting from it," he said.

"Ocean marine insurance also differs from other forms of coverage insofar as there is no filed rate or a manual of rates. Each risk is individually rated and the rate set is determined by the broadness of insuring conditions granted, the nature of the product involved, the degree of damageability, the care with which it is packed and to some extent the spread of risk, which is another way of saying volume of shipments. Although certain parts of the ocean marine policy are standard, there is no such thing as a filed policy or form so each policy is tailor-made to fit the account for which it is being written. The limits of liability, insuring conditions, and special conditions all reflect the needs of an individual customer."

He pointed out that because of these differences, ocean marine coverage is somewhat complicated in terms of cost and coverage and requires "shopping around."

Mr. Hersey explained the coverages under an ocean cargo policy and its companion war risk policy.

He pointed out that in addition to the coverage provided by the ocean cargo policy, each policy also carries with it the full weight of technical and service assistance available through any company writing ocean cargo insurance.

"It includes marine surveyors available at all major ports both domestic and foreign and claims and settling agents in every major city in the United States and in principal cities throughout the world," he said.

Mr. Hersey concluded that the only question remaining to be answered was whether ocean marine insurance is available in Chicago. He answered by saying "There is in Chicago an active, well-informed ocean marine market capable of dealing with any and all problems."

Messrs. Young and Sybrandt discussed boiler and machinery coverage from the viewpoint of loss adjustment. They gave special emphasis to the areas where confusion exists in connection with both direct damage and U&O coverage in terms of the interrelationships between boiler and fire policies.

Daniels Joins Pacific of New York in Michigan Field

Sam M. Daniels has joined Pacific of New York group as state agent in eastern Michigan with headquarters in the Book building, Detroit. He has been in the Michigan field for Fireman's Fund and Phoenix of London group, and before that was with Michigan Inspection Bureau for six years. He replaces R. C. Neumann, who has gone into the agency business at Royal Oak.

The Pacific companies have split the Michigan territory, and Allan C. Boggs Jr. will handle the western half of the state with headquarters at 209 Platt building, South Bend, Ind. He has been traveling Indiana and out-state Michigan for the group and will continue in the northern Indiana field.

Sweeney to Michigan Field for Providence Washington

Providence Washington has appointed Edward J. Sweeney state agent in Michigan to replace Robert MacDonald, who was recently transferred to Maine to take charge of that territory. Mr. Sweeney worked in the home office fire underwriting department for six years, during which time he attended fire, automobile and ocean marine courses at Rhode Island State college. In 1955, he became a special agent for the company's West Virginia territory.

Southern of Dallas has been licensed in California for auto lines. Leland B. Groezinger of San Francisco has been named agent for service in this state.

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CPCU Conferment Highlights All-Industry Day

(CONTINUED FROM PAGE 2)

ted for consideration insofar as the comprehensive personal property form is concerned. Formerly the coverages involved were compartmentalized into fire, casualty and marine coverages. This presents a problem for anyone trained specifically as a casualty, fire or marine man."

Mr. Mowatt said that from an underwriting standpoint, the reputation of insured is very important. "Any all-risk contract requires of necessity the highest degree of integrity both on the part of the insured and the company. No carelessness, no disputes on inventory, shortage or mysterious disappearances can be tolerated." He concluded that the vast middle market at which this particular type of contract has been directed possesses a tremendous pool of premium and predicted that in the next five years, from a premium standpoint, it will probably dwarf anything that is known premium-wise under the package all-risk policies in the dwelling field today.

Mr. Miley said that the changing market on the mercantile block type of contract with its more restrictive policies has had the effect of discouraging sales activities. He said agents or brokers are somewhat hesitant to advise the mercantile block form to clients because it may not be available later or because further revisions may be forthcoming. "The new filing offers considerable hope, however," he said "since there is a much more realistic approach to the rating of the all-risk portion of the contract. It is particularly true in the change on the burglary loading in the rate."

Mr. Miley said that further improvement of the contract is much to be desired since although it offers excellent coverage, it is not as good as it was in the original offerings of many companies. "The rates are favorable only when burglary has been carried in reasonably large amounts by the prospect," he said.

Mr. Rodda presented a view of the future in the commercial block and related fields of insurance. "It seems inevitable that there will be a rapid increase in the number and variety of packages of insurance to cover mercantile risks," he said. He gave as a reason the nature of merchant's operations which utilize package selling. He said "it is natural that the merchant should want to buy his insurance the same way."

"Package insurance will bring a demand for installment or monthly payment of insurance premiums and it is likely that we will see the development of insurance payable according to the merchant's gross annual sales. As his sales fluctuates from month to month, his insurance premiums will fluctuate accordingly so that he will be paying in accordance with his ability to pay." Mr. Rodda said that the package policy is not a panacea for all problems in the insurance business but it is a big help in providing a well-rounded insurance program for the insured who desires an adequate package of coverages. From the standpoint of the agent or insurance advisor, the package type of coverage goes a long way towards answering the perennial nightmare of "have I included in the recommended insurance program everything that could cause loss to my client?"

In the dishonesty insurance forum, Arthur C. Schreiber of United Pacific discussed the underwriting phase of

fidelity insurance while Harry Helton of American Surety discussed the production aspects.

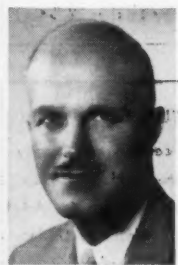
Mr. Schreiber stressed the importance of properly filling out the application so that an underwriter can evaluate the risk. He suggested that an application properly filled out plus a letter from the agent is even better. He went through the application for a blanket fidelity bond item by item and explained the importance of each question and what types of answers indicated a good risk. He pointed out that many of the questions on the application have loss prevention angles since they are designed to determine whether or not the firm utilizes good business practices to prevent losses. He said that many employers inaugurate better methods of preventing losses after filling out the application for blanket fidelity bonds. He suggested that the agent go through each question on the form explaining to insured why the question is asked. He said it helps to provide more complete answers and that insured benefits by learning how to prevent losses.

Mr. Helton said that most producers feel that fidelity coverage is mysterious and do not dare to handle the line. He said Chicago area agents have only about 5% of their total business in the dishonesty insurance line. He said that it is rather simple coverage and requires only a basic working knowledge to get by the first sale. "The zest for accomplishment coming from the desire to improve professional status will carry a producer on to the next sale and the next and so on." Mr. Helton said large corporate insureds are fully sold on dishonesty insurance. The average client however, must be sold on the coverage. He suggested the use of the formula published by Surety Assn. of America to determine the proper amount of coverage or at least the minimum amount of coverage which should be carried. The association's formula is a result of studies of losses occurring in the last 10 years and it provides a minimum coverage which should take care of 99% of losses which occur in an average firm.

He said one of the most important things about honesty insurance is the fact that, on the average, clients remain with the producer longer than in other lines because the dishonesty bond requires a very positive action on the part of the insured or insurer to cancel. He said the best prospects are those insured now in an agency or handled by a producer, but competition is slim in dishonesty insurance.

Masters Resigns from New Zealand Post

Announcement has been made of the resignation of R. B. Masters as U. S. manager of New Zealand and the appointment of R. L. Neville as acting U. S. manager. Mr. Masters' resignation is occasioned by a difference in policy of management. Mr. Neville has been with New Zealand since 1954 as assistant U. S. manager.



R. B. Masters

New Jersey UJ Fund Functions Smoothly

(CONTINUED FROM PAGE 2)

April 1, 1955, with \$3,240,182. This was accumulated \$1 from insured motorists and \$3 from uninsured motorists in 1954, a total of \$2,745,415. Insurers added one-half of 1% of their 1953 net direct written automobile BI fund and increase the fee from uncounted for \$494,767.

The law was amended in 1956 to eliminate the insured motorist from further assessments to maintain the fund and increase the fee from uninsured motorists from \$8. If further money is needed by the fund later on, the amendment provides that the uninsured is to be assessed up to a maximum of \$8.

Under their assessment, which remained at the same rate, companies paid \$527,447 on 1954 premiums. The 1957 registration period began last June 1, and up to Oct. 1, \$408,720 had been collected from uninsured motorists. The fund as of Oct. 1 consisted of \$4,088,660.

Mr. Bambrick believes that the administration of the law is functioning smoothly. Local claim men handling claims assigned by the board have cooperated fully, and as a rule the investigations produced have been good. These men have aided in disposing of many of the claims without payment from the fund, by agreement between the parties.

The board which administers the fund is composed of the insurance commissioner, director of motor vehicles, and four representatives of insurance, who are Francis Van Orman of American for stock company rating organization members, C. Harold Whitum of Liberty Mutual, for mutuals, George Kline of Allstate, representing independent stock insurers, and R. G. Chilcott of Nationwide, representing independent mutuals.

The cost of establishing the fund office and running it for 15 months was \$83,853, he said.

Gengras Opposes Stock Purchase Plan

(CONTINUED FROM PAGE 1)

had no alternative in view of the statement that we were required to act immediately. I did not feel then that I could take the responsibility of voting otherwise. As I now see it neither I nor any other director should have been asked or expected to arrive at a snap judgment without having had ample opportunity to consider the facts and arrive at a considered judgment. As you know, at two separate meetings subsequent to Sept. 5, after I had had an opportunity to reflect and to study the proposal I made by objection to the revised proposal known to the board.

"The fourth paragraph of your letter in which you refer to the company's statutory underwriting loss for the eight months of this year has the effect, it seems to me, of conveying the impression to our stockholders that National Fire is in a precarious condition and may unnecessarily frighten them into making the exchange and have an immediate depressing effect on the market price of National Fire stock.

"I am perfectly willing to let the facts of this entire transaction speak for themselves and I have no doubt that when the stockholders know all the facts a majority of them will agree with me that the proposed exchange is inadequate and unfair."

DEATHS

(CONTINUED FROM PAGE 2)

in 1926 as manager of the casualty department and became a member of the firm in 1936. He was president of Massachusetts Plate Glass and a past president of National Assn. of Casualty & Surety Agents.

C. H. HARDIN SMITH, who retired in 1955 as Colorado state agent of Commercial Union-Ocean group, died at his home in Denver.

RUSSELL F. LINDEMAN, 56, local agent at Indianapolis, died at his home there. He founded the agency in 1929.

27 Agents Complete Aetna Fire's Course

Aetna Fire's 19th multiple line training school for agents has been completed by 27 agents from 14 states.

The course, conducted by Howard H. Brown, educational director of the group, is devoted to personal and commercial lines. Gordon Kyle, vice-president, addressed the graduates at a luncheon in Hartford.

Chicago A&H Assn. to Hold Sales Clinics in November

Chicago A.&H. Assn. will sponsor free sales clinics during November as part of its membership drive. The clinics will be held Nov. 6, 13 and 20 in the auditorium of the Insurance Exchange building.

The three sessions will feature panel discussions on: Prospecting, product and sales-clinching. A set of three A&S books will also be given free to each new member.

Lovell & Co., independent adjusters at Cleveland, have moved their offices to 4470 Greenwood Road in suburban South Euclid, O. The company has also added five experienced adjusters to its staff.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Oct. 30, 1956

	Bid	Asked
Aetna Casualty	119	121
Aetna Fire	59 1/2	60 1/2
Aetna Life	178	182
Agricultural	30	31
American Equitable	35 1/2	36 1/2
American, (N. J.)	23 1/2	24 1/2
American Motorists	11	12
American Surety	19	20
Boston	34 1/2	35 1/2
Camden Fire	28	27
Continental Casualty	84	87
Crum & Forster companies	59 1/2	62
Federal	34 1/2	35 1/2
Fire Association	44	45 1/2
Fireman's Fund	52	54
Firemen's, (N. J.)	34	35
General Reinsurance	44 1/2	46
Glens Falls	69	71
Globe & Republic	16 1/2	17 1/2
Great American Fire	33 1/2	34 1/2
Hartford Fire	142	145
Hanover Fire	39 1/2	40 1/2
Home (N. Y.)	43	44
Ins. Co. of No. America	98	100
Maryland Casualty	32 1/2	33 1/2
Mass. Bonding	29	30
National Casualty	60	61
National Fire	98	102
National Union	39 1/2	40 1/2
New Amsterdam Casualty	43 1/2	45 1/2
New Hampshire	37 1/2	39
North River	33 1/2	35
Ohio Casualty	23	25
Phoenix Conn.	68	70
Prov. Wash.	19 1/2	20 1/2
St. Paul F.&M.	47 1/2	49
Security, Conn.	33	35
Springfield F.&M.	47 1/2	49
Standard Accident	50 1/2	52
Travelers	73 1/2	74 1/2
U.S.F.&G.	63 1/2	65
U.S. Fire	21 1/2	23

the world's largest glazing project ...

The Commonwealth Promenade Apartments, 2800 Sheridan Rd., and the 900 Esplanade Apartments, 900 Lake Shore Drive, Chicago, is the largest single glazing job in the world.

The fact that there are about 10 acres of glass involved is a good indication of its size.

We, at American, are extremely proud to be associated with this project.



Commonwealth Promenade Apartments
Mies Van Der Rohe—Architect
Friedman, Alshuler & Sincere—Associate Architects
Herbert Construction Co.—Contractor

900 Esplanade Apartments
Mies Van Der Rohe—Architect
Friedman, Alshuler & Sincere—Associate Architects
Herbert Construction Co.—Contractor

or ... a simple glass replacement

American Serves WITH SPEED AND DEPENDABILITY

Proud as we are to be associated with the project above, we wish to stress that we give the same unequalled service, price and dependability on any job, whether it's a simple door lite replacement or the largest project in the world.

In order to improve our service even further, we recently had two way radios installed in our fleet of service cars and trucks.

Now it is possible to call our office for service and have a radio dispatched vehicle surveying your needs within a matter of minutes.

This constant desire to give you and your assureds the best kind of service has been responsible for the fact that 90% of our business is repeat.

We solicit the opportunity to make your assureds satisfied, thereby making your job of coverage renewal easier.

Normand Beris, President

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The Aetna Fieldman Is a Good Man to Know

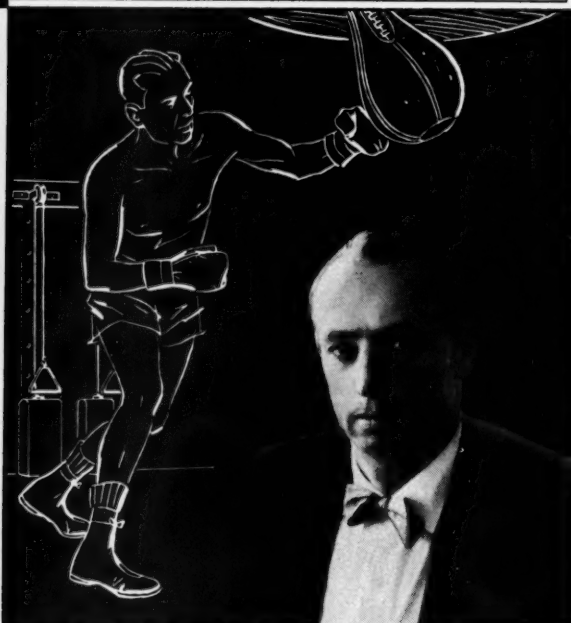
The Aetna was one of the first insurance companies to appoint agents outside its home state, and Aetna fieldmen always have worked in close cooperation with agents and brokers.

Today, a high proportion of Aetna fieldmen are graduates of the Multiple Line Training School for Fieldmen—which covers all phases of property and casualty insurance, with special emphasis on the problems and viewpoint of the agent.

The Aetna fieldman is especially qualified to help you with unusual problems—to give you practical suggestions on building a more profitable business. He is a good man to know.



Meet Harold E. Hibler—Manager, Boston Office. A native of Pennsylvania, Hal attended Dickinson College and then started his insurance career in 1925 as a claims investigator. He joined the Aetna in 1941 as casualty manager for Minnesota and in 1945 was made casualty manager for Detroit. He became manager of the Boston casualty department in 1953, and was appointed to his present post last July. Hal is happiest when on the run in business, assisting Agents with their problems, but for recreation prefers the sit-down variety. He relaxes as a coin collector and at spectator sports and tournament bridge.



Meet David R. Goodell—Supt. of Agencies, Portland, Oregon. In his younger days Dave led a strenuous life, which well qualifies him for covering Oregon's 96,699 square miles. He played college football, was an amateur boxer, a seaman on a passenger ship to the Orient, served in the Army, and during World War II was in the Marine Corps. Today, he limits himself to less rigorous activities such as reading history and swimming up to two miles a day—at least during the summer months. But his main enthusiasm is for his State, its people, and building prosperous and happy agency relationships.



ÆTNA INSURANCE GROUP

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THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.
HARTFORD, CONNECTICUT Clinton L. Allen, President